AFL HALF YEARLY REPORT

From January 1, 2024
to June 30, 2024

EDITORIAL BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Yves Millardet, Chairman of the AFL Management Board

“We are delighted that the AFL Group’s earnings for the first half of 2024 have met our expectations and confirmed our strong momentum, both in terms of new memberships and credit origination. The drop in net banking income and net earnings compared to H1 2023 is due to the exceptional circumstances last year, and chiefly the late fixing of the Euribor 3-month rate on March 20, 2023, and limited carrying costs on cash as the European Central Bank raised the deposit rate several times during the period. These factors could not be repeated in the first half of 2024. The Group’s earnings for this first half of 2024 are a more accurate reflection of the sustained growth of our core business.”

KEY FIGURES AT JUNE 30TH 2024

878
Member local authorities

€315
million of pledged capital

€9.5
billion of loans granted since the creation of AFL

€10.7
million of net banking income

€2.9
million of gross operating income

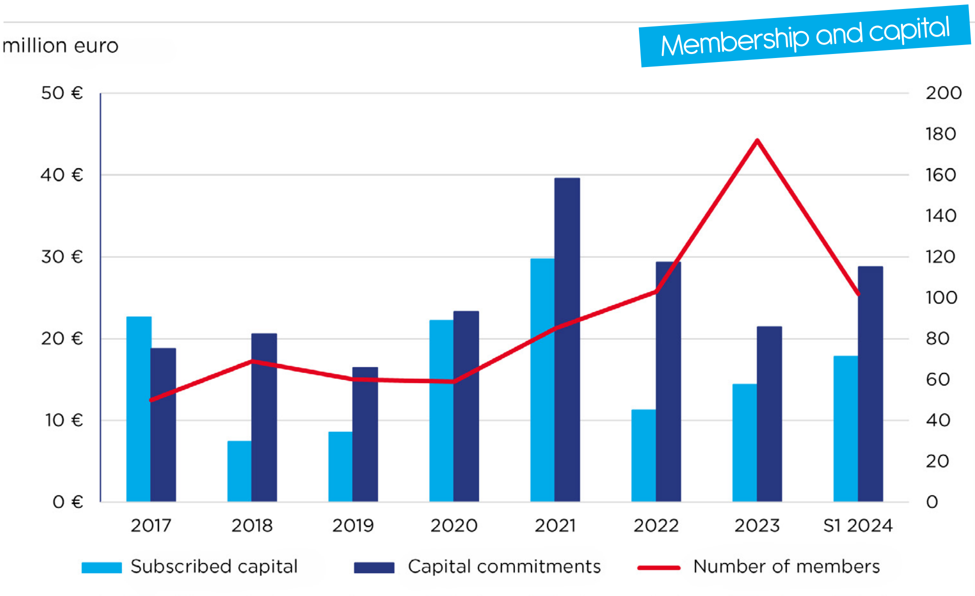
€1.96
million of net income

ACTIVITIES DURING THE FIRST HALF-YEAR 2024

MEMBERSHIPS

In the first half of 2024, 102 new memberships were recorded, bringing the total membership to 878 local authorities as of June 30, 2024.

These new members are: 5 unions, 2 communities of communes (association of municipalities), 5 urban communities, 87 municipalities of various sizes and 3 departments. The AFL Group members include a total of 6 regions, 17 French departments, 669 municipalities and 186 EPCIs (groupings of municipalities) including 15 cities and 50 unions.



LOAN PRODUCTION

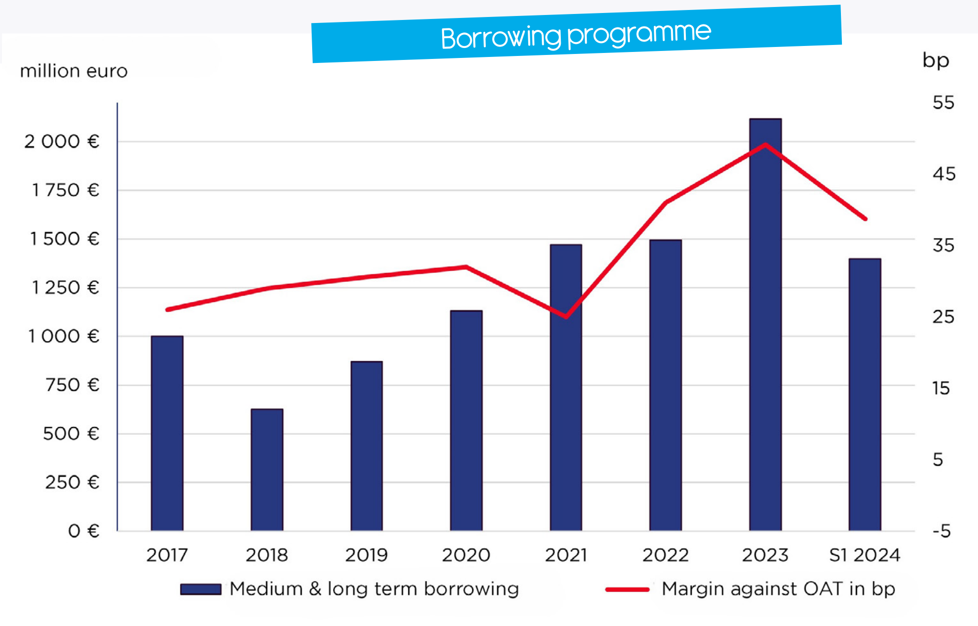
AFL's loan production continued to grow at a fast pace in the first half of 2024, with a total of €622 million issued over the period.

At June 30, 2024, total new lending agreed was €7.8 billion and cumulative loan production (since the creation of AFL in 2015) amounted to €9.5 billion.

RESOURCES

In H1 2024, the AFL raised €1.4 billion in challenging conditions due to the pressures on French debt, which caused issuance spreads versus Euribor 3 months to widen. Funds was raised through a mix of syndicated issuances and private placements.
The period began with one 750-million euro 10-year syndicated issuance. Later, in May, AFL issued its first Swiss franc-denominated syndicated bond for 110 million, maturing in 10 years.
In June, the group issued another syndicated bond in sterling for 250 million over 3 years. The first half of 2024 also saw a rising number of bond issuances by AFL as callable private placements (at a pre-determined call date).

These issuances enabled the group to raise financial resources in particularly attractive conditions, while also diversifying AFL's investor base. The total amount of callable private placements issued by AFL in H1 2024 was 221 million euros. During the period, the capital was raised with an average spread of 38.7 basis points over the French government bond curve (OAT), for an average duration of 7.8 years. As of June 30, 2024, more than 56% of AFL's 2024 borrowing program had been completed.



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GLOSSARY

ACC	Additional Capital Contribution
ACPR	Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution Authority)
AFL	Agence France Locale
AFL – ST or ST	Agence France Locale – Société Territoriale, the parent company of Agence France Locale
Agence France Locale Group or AFL Group	The Group comprising Agence France Locale – Société Territoriale and Agence France Locale
ALCo	ALM Committee
ALM	Asset and Liability Management
ALT	Average lifetime
AMF	Autorité des Marchés Financiers (French Financial Markets Authority)
CAVC	Corporate added-value contribution
CET1	Common Equity Tier One
DTA	Deferred tax assets
DTL	Deferred tax liabilities
EAPB	European Association of Public Banks
ECB	European Central Bank
ECP	Euro Commercial Paper – short term corporate securities
EMTN	Euro Medium Term Notes – bonds
EPCI	*Établissement public de coopération intercommunale* (Groupings of municipalities)
FED	Federal Reserve
FGTC	French General Tax Code
GOP	Gross operating income
GRC	Global Risk Committee
HQLA	High quality liquid assets
ICC	Initial Capital Contribution
ICC	Internal Control Committee
IFRIC	IFRS Interpretations Committee
IMR	Initial margin requirement
LCR	Liquidity Coverage Ratio
Local authority	Local and regional authorities, groupings of such authorities and other local public institutions
LPE	Local public entity
Medium-to long-term loan	Loan granted by AFL to a Member with an initial term of more than 364 days
Members	Local authorities whose applications for membership have been completed and which have therefore become shareholders in AFL-ST
NBI	Net banking income
NDS	Negotiable debt securities
NI	Net income
NIM	Net interest margin
NPV	Net Present Value
NSFR	Net Stable Funding Ratio
OAT	*Obligations Assimilables du Trésor* (French Treasury bonds)

OI	Official institutions
RC	Risk Committee
Revenue	Audit Committee
RRD	Recovery and Resolution Directive
RWA	Risk weighted assets
SaaS	Software as a Service
TL-TRO	Targeted longer-term refinancing operations
TPE	Territorial public entities

HALF-YEAR ACTIVITY REPORT

1. Development strategy and model

Authorized by law no. 2013-672 of July 26, 2013, on the separation and regulation of banking activities and created on October 22, 2013, the Agence France Locale Group ("**AFL Group**") is organized around a dual structure consisting of, on the one hand, Agence France Locale - Société Territoriale ("**AFL-ST**", the parent company with the status of financial company) and, on the other hand, of Agence France Locale ("**AFL**", the subsidiary, a specialized credit institution).

1.1. A robust structure

AFL is an investment financing facility for local authorities in which they are the exclusive shareholders through Société Territoriale (AFL-ST), its majority shareholder, which holds a stake of over 99.9%.
AFL's high credit rating - in recognition of the entity's prudent financial policies, the quality of its balance sheet assets and a dual mechanism of explicit and irrevocable first-demand guarantees - is instrumental in optimising the cost of funding in capital markets.

- On the one hand, the "**Member Guarantees**" granted by local authorities that are AFL-ST shareholders to any financial creditor of AFL providing the possibility to call on the local authority shareholders directly as guarantors. The amount of this guarantee is intended to be equal to the total amount of outstanding loans with a maturity of more than 364 days contracted by each member local authority with AFL. In this way, a creditor can call the guarantee from several local authorities. A local authority whose guarantee has been called by a creditor has the obligation to inform AFL-ST, which may in turn call all other member guarantees in proportion to the amount of their credits contracted with AFL. This guarantee is organised to create solidarity between the member regional and local authorities in the payment of the amounts due while the liability of each is limited to the size of its own outstanding medium- to long-term loan. To ensure it has sufficient liquidity, AFL tends to borrow more than it lends to members. As a result, the securities issued by AFL are not fully covered by the Member Guarantee mechanism:

    - As a general rule, approximately 75% of the total amount of AFL borrowings issued on the markets is used to provide medium- and long-term loans to members;

    - As a result, around 25% of the total debt issued by AFL on the markets is retained, both to ensure AFL's liquidity, in accordance with its regulatory obligations and best management practices, and to offer cash loans to members under the conditions and within the limits set by AFL's financial policies.

- On the other hand, the "**ST Guarantee**" granted by AFL-ST to any financial creditor of AFL, which allows creditor(s) to call on AFL-ST directly as guarantor. The ceiling of the "ST Guarantee", which is set by the AFL-ST Board of Directors, was raised to €20 billion by the Board of Directors on June 11, 2024. It covers all the commitments made by its subsidiary, AFL, to its beneficiary creditors. At June 30, 2024, the amount of guaranteed securities issued by AFL and corresponding to debt issues and financial transactions with counterparties, came to €13.2 billion.

This two-part mechanism allows the beneficiaries of these guarantees[1] to have both the option of (i) calling on the local authorities that are Group members as guarantors, and/or (ii) being able to operate the "ST Guarantee" which offers the advantage of simplicity in the form of a single point of contact.

It should also be noted that, in compliance with its statutory provisions, the "ST Guarantee" may be called on behalf of the creditors at the request of AFL under the terms of a protocol between the two companies. The main purpose of this call mechanism is to be able to mobilise

[1] The guarantee models are accessible on the AFL Group's website: www.agence-France-locale.fr

guarantees on behalf of creditors to prevent non-compliance with the regulatory ratios or an event of default.

1.2. A highly prudent liquidity policy

AFL has a liquidity policy with three objectives:

- The construction of a sufficient liquidity reserve to maintain its operational activities, in particular its lending activities, for a period of twelve months; this reserve is largely made up of liquid assets that can be used for the regulatory Liquidity Coverage Ratio (LCR);
- A funding strategy that encourages a diversity of debt instruments (including issuances in euros and traded in regulated markets, including Sustainable Bonds, syndicated bond issues in foreign currencies, private placements, etc.), as well as the diversity of the investor base, both in terms of typology and geographical area;
- In order to reduce its liquidity price risk, AFL strictly monitors the maturity gaps. It has undertaken to limit the difference in average maturity between its assets and liabilities to 12 months, with the possibility of extending it to 24 months over a maximum period of six months.

Regarding access to liquidity, it should be noted that AFL has a credit line with the Banque de France, available at any time, through the mobilisation of receivables from local authorities that AFL carries on its balance sheet, via the TRiCP (*Traitement Informatique des Créances Privées* - Data Processing of Private Claims) system.

1.3 Rating of bonds issued by AFL

Since its creation, AFL has benefited from an excellent rating, which represents recognition of the solidity of the model that it embodies.

Credit rating agencies Standard & Poor's, Moody's (until September 4, 2024) and Fitch (since September 4th) – Cf. section 2.4 below have assigned identical ratings to AFL's bond issuance programme.

Rating/Rating agency	Fitch	Standard & Poor's
Long term	AA-, stable outlook	AA-, stable outlook
Short-term rating	F1+, stable outlook	A-1+, stable outlook

2. Review of activities in the first half of 2024 and significant events

2.1 Economic and financial environment

Economic and market update

In H1, the global economy was supported by persistently strong activity in the United States and the Eurozone, thanks to dynamic exports and rising consumer spending. At the end of June, in this buoyant environment, the ECB revised its growth forecasts upwards to 0.9% for 2024, 1.5% in 2025 and 1.6% in 2026, as it expected productivity gains to accelerate. Meanwhile, inflation appeared to be on an encouraging pathway, though the pace of easing was still too slow to allow central banks to introduce a rate cutting cycle. Finally, disinflation was principally driven by the stabilisation of commodity prices - and notably the price of crude oil - while wage increases remained substantial in most sectors. The job market stayed vigorous, with unemployment still at its lowest in the Eurozone at 6.4%, but rising to 4.3% in the US, though from much lower.

The resilience of Western economies stood in sharp contrast with the multiple international tensions and conflicts. In France, investors expressed rising concern over the state of public finances and the size of the trade deficit. Since the President's decision to dissolve parliament in the wake of the European elections, the country has faced growing political uncertainty.

In H1 2024, capital markets were marked by a sharp equity rerating ahead of a rate cutting cycle due to be introduced before the end of year by the Federal Reserve in the US and by the ECB in the Eurozone.

Nevertheless, the prudent stance chosen by central banks prompted a rise in long-term yields during the period, which combined with a widening spread between the swap curve and German sovereign bonds yields in the Eurozone, caused the general depreciation of debt instruments issued by European sovereign issuers. In addition, France and its public sector issuers suffered from a further widening of spreads as a result of the country's specific difficulties compared to other members of the Eurozone, most of which - in contrast - have been cautious with the management of their public finances.

Financial position of local authorities

In 2023 - and as was also the case in 2022, local authorities operated in an environment marked, on the one hand, by a fragile economy and high inflation and on the other, by the full effects of measures and reforms specific to local authorities (higher index point, changes to local taxation, etc.).

The 2023 financial year is at odds with the two previous years. Highlights include:

- An overall contraction in savings and the emergence of two distinct budget paths:
  - At all levels, gross savings fell -8.3% in 2023 to €35.3bn, though volumes remain significantly higher than in 2019 (€34.6bn), the benchmark year.
  - Municipalities and EPCIs - with their own tax status - reported a +8.8% and +12.1% growth in their gross savings, respectively, while regions and departments saw their gross savings decline by -4.6% and -39.1% respectively.
  - This change came after two years of significant recovery in local finances as a whole. It stems from the moderate growth of real operating revenues in 2023 (+3.1%, or +€6.1 billion, notably from higher tax revenues) which failed to offset the large increase in real running costs (up +5.4%, or €10bn, chiefly due to personnel costs, procurement and external expenses, and mandatory social contributions).
  - The local authority segment most affected was the department, which reported a -39.1% fall in its gross savings (€7.5bn in 2023). This deterioration stems from the contraction of the property market, and hence in the income from transfer taxes, rising inflation, and higher welfare benefits.
- Rising investment despite a fall in net savings:
  - After two years of growth in investment expenditure - a scenario at odds with the electoral cycle which usually calls for a pause early in the term of office - in 2023, all local authorities reported an increase in investment expenditure.
  - Investment expenditure rose 5.4% compared to FY 2022 to €80.5 billion, driven by the rising cost of capital expenditure (+9.6% in 12 months). As in 2022, the "price effect" accounted for most of this increase in expenditure.

2.2 Loan origination

AFL's medium- and long-term loan production in the first half of 2024 amounted to €622 million compared to €525 million in the first half of 2023, for a total of 228 loan agreements compared to 179 in the first half of 2023. This year-on-year increase in production volume is attributable to two factors: the steady rise in the number of member local authorities in the AFL Group, and sustained strong investment by French local authorities, which has mechanically increased the latter's reliance on debt. The average maturity of medium- to long-term loans granted in the first half of 2024 was 18.3 years compared to 19.7 years in the first half of 2023, i.e. a modest drop. This high average term stems is partly attributable to the growing number of unions borrowing from AFL, as they generally make long-term investments. In addition to medium- and long-term loans, €190 million in lines of credits were produced, compared with €97 million in the first half of 2023.

At June 30, 2024, outstanding loans, expressed in accordance with French accounting standards, amounted to €7,299 million in loans provided and €960 million in financing commitments, with total commitments of €8,259 million, which also includes credit lines.

2.3 Memberships

- Continuous development

The AFL Group had 878 members at the end of the half-year ended June 30, 2024.

102 new local authorities joined the AFL Group during the past half-year. At September 3, 2024, 878 local authorities are shareholders, including 6 regions, 17 departments, 669 municipalities and 186 groupings, including 15 cities, 6 EPT (territorial public entities), 8 urban communities, 45 suburban communities, 62 communities of communes and 50 unions.

Memberships completed during the first half of 2024 brought the total pledged capital[2] to €315 million. Consequently, at 30 June 2024, the share capital of AFL-ST had risen to €249,884,600, while the share capital of AFL now stands at €225,869,317.15.

The table below shows the breakdown of AFL-ST's share capital and voting rights by type of local authority, as of June 30, 2024 after the 40th capital increase.

Figures in € thousands	Nulmber	Committed capital	Paid in capital	% of capital and voting powers
Region	6	68 187	35 434	14,18%
Department	17	58 724	42 587	17,04%
Municipalities	669	65 230	59 802	23,93%
Groupings	186	122 903	112 061	44,85%
Metropolises	*15*	*81 007*	*75 323*	*30,14%*
Territorial public entities	*6*	*6 077*	*6 077*	*2,43%*
Urban communities	*8*	*4 586*	*4 334*	*1,73%*
Suburban communities	*45*	*14 449*	*10 973*	*4,39%*
Municipality communities	*62*	*3 291*	*2 474*	*0,99%*
Other groupings	*50*	*13 494*	*12 880*	*5,15%*
TOTAL	**878**	**315 044**	**249 885**	**100%**

At June 30, 2024, the share capital of AFL was €225,869,317.15 broken down as follows: Agence France Locale – Société Territoriale holds 2,397,314 shares (= number of voting rights) and Métropole de Lyon, one share in the capital of AFL. Under the legal arrangements governing the AFL Group, only AFL-ST is permitted to subscribe to AFL's capital as the stake held by the Lyon Metropolitan Area is diluted whenever there is a capital increase within the AFL Group.

2.4 AFL's capital market activity

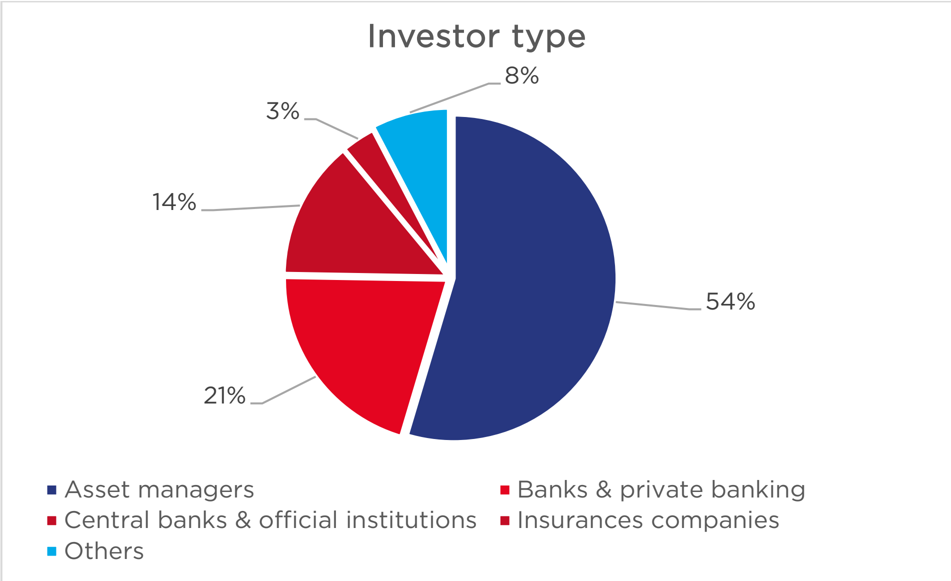
2.4.1 The Company's borrowing program

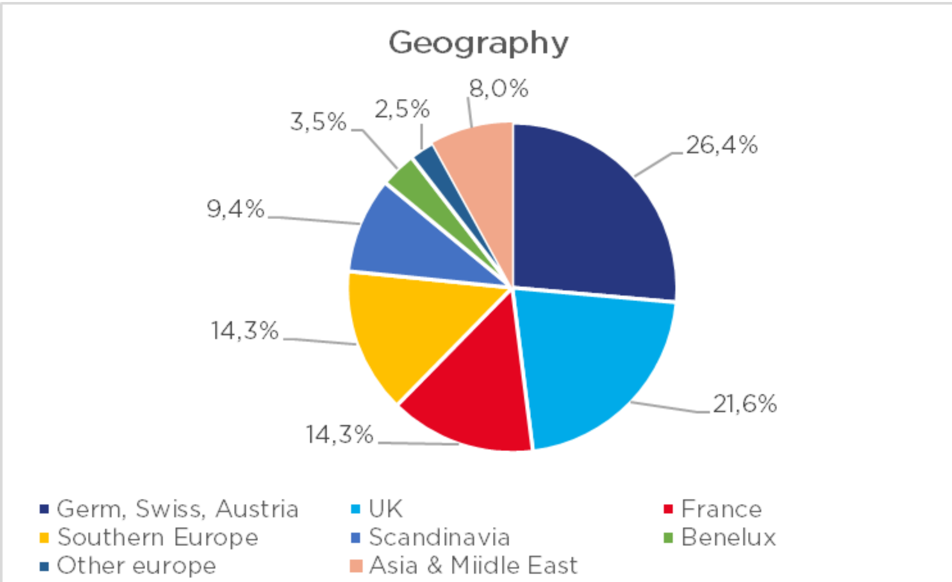
The Supervisory Board approved AFL's medium- and long-term borrowing program for 2024 on December 4, 2023, with maximum volumes set as follows: €2.5 billion of medium- and long-term borrowing via the EMTN program, including €500 million in pre-financing for 2025, and €750 million authorised to be issued under the ECP program. The Supervisory Board held on 27 March 2024 revised these amounts for FY 2024 as follows: maximum medium- and long-term issuances under the EMTN programme of 3 billion euros, including €500 million in pre-financing for 2025, and €750 million authorised to be issued under the ECP program. This approval supersedes the Supervisory Board's earlier approval of December 4, 2023.

[2] The pledged capital refers to the amount of capital contributions voted by local authorities when they joined AFL-ST. For each local authority, the pledged capital corresponds to a capital commitment, the amount and the terms of payment of which are set out in the Company's Articles of Association.

2.4.2 Bond issues as part of the EMTN program

In January 2024, AFL held a successful syndicated issue for €750 million at 10 years' maturity. The placement was notable for the large majority of international investors to take an interest and for the wide range of investor types (see charts).





As part of its diversification strategy, AFL carried out its first issuance in Swiss francs, listed on the SIX Swiss Exchange, for a total of €110 million with a 10-year maturity. This was followed by a further issuance in sterling, for 250 million and maturing in 3 years. Both deals were conducted in favourable conditions; this contributed to improving AFL's mix of resources and strengthening its image among the investor community.
Finally, AFL continued to raise funds via private placements, including the issuance of 6 callable bonds for a total principal of €221 million. The main feature of these callable bonds is their attractive cost.
In total, €1.4 billion was raised in H1 at a weighted average spread of 38.7 basis points over the OAT curve, with an average life of 7.8 years. These resources will support the future development of AFL; furthermore, maintaining a stable average duration from one financial year to the next contributes to strengthening the balance sheet.

2.4.3 Money market issuances under the ECP (*Euro Commercial Paper*) program

In addition to AFL's medium- to long-term borrowing program, it was authorised to issue €750 million of commercial paper under its ECP program in 2024 (up from €500 million authorised last year).

AFL issued several ECPs under this program during the period in order to optimise its cash management. All these transactions were exclusively denominated in euros and raised an average €491 million.

2.5 Governance

- AFL Supervisory Board

At June 30, 2024, the AFL Supervisory Board was structured as follows:

	Independence[3]	Specialised committees			
		Audit committee	Risk Committee	Appointments, Remuneration and Corporate Governance Committee (ARCGC)	Strategy and Responsible Commitments Committee
Sacha Briand Chairman of the Board					
Marie Ducamin Vice-Chairman of the Board					
Lars Andersson	▲				■
Victoire Aubry	▲	◊	◊		
François Drouin	▲	■	◊		
Nicolas Fourt	▲				◊
Olivier Landel		◊	◊	◊	◊
Sophie L'Hélias	▲			■	
Marie Lemarié	▲	◊			
Sophie Souliac	▲		■	◊	
Julien Denormandie	▲				◊
Estelle Grelier	▲			◊	
Lydie Assouline (non-voting Director)	▲		#		
Olivier Labe (non-voting Director)	▲	#			

■ Chairman of the Committee
◊ Committee members
Non-voting Director

[3] The independence of Supervisory Board members is determined according to the criteria laid out in the AFEP-MEDEF Code, as detailed in the report on corporate governance in appendix to the annual report.

2.6 Registered office

During H1 2024, AFL created a 100%-owned subsidiary dedicated to the acquisition of property that could house its offices in the Part Dieu area of Lyon. This property is a building currently being renovated and upgraded to high environmental standards. It will host AFL's headquarters from 2026.

3. AFL's results during the period

The half-year financial statements were prepared according to French GAAP, with no change compared to the previous financial year and in compliance with the provisions of the general charter of accounts for credit institutions. Additional explanations are given in the notes to the half-year financial statements.

AFL has also prepared IFRS financial statements, on a voluntary basis, for the period ended June 30, 2024 which are discussed in this report.

3.1 AFL parent company financial statements under French GAAP

In H1 2024, the net interest margin (NIM) edged lower from €12,830 thousand as of June 30, 2023 to €11,479 thousand. The net interest margin had benefited, in 2023, from an atypical fixing of the Euribor 3-month index on March 20, and later, from the higher returns delivered by the floating-rate assets that replaced equity capital, and finally, from the stronger returns from the cash reserves after the ECB rose its deposit rate.

In addition to interest income the Group also booked commitment and non-use fees on lines of credits amounting to €287 thousand (compared to €76 thousand in the first half of 2023), capital gains on the sale of short-term investment securities of €282 thousand, after taking into account the hedging relationship disposal gain (compared to €450 thousand in the first half of 2023) and a €277 thousand reversal of impairment[4] on investment securities.

This resulted in net banking income of €11,663 thousand at June 30, 2024, compared to €13,464 thousand at June 30, 2023.

At June 30, 2024, interest income was broken down as follows:

- €160.5 million of net interest income after hedging on the loan book for the first half of 2024, compared to €85.4 million in the first half of 2023. This sharp rise in interest income from one period to the next stems from the large increase in credit volumes and from the short-term movements on interest rates.

- €57.3 million of interest income net of hedging on assets in the liquidity reserve and collateral management in the first half of 2024, versus €36.7 million of interest expense in H1 2023. This change was principally caused by rising interest rates during the period, as the cash reserves remained rather stable.

- €206.4 million of net interest expense after hedging on the loan book reported on AFL's balance sheet, compared to €109.3 million of net interest income in the first half of 2023. This almost 100% rise in loan interest also stems from the combined effect of growing debt volumes and rising short-term interest rates from one period to the next.

[4] At the end of the reporting period, in application of the principle of prudence under French GAAP, investment securities are recorded on the statement of financial position at their acquisition cost or selling price at the end of the reporting period, whichever is lower, after accounting, when relevant, for the value of the micro-hedge swap.

During H1 2024, management of the liquidity reserve portfolio generated income of €282 thousand from the disposal of short-term investment securities, net of the cancellation of rate-hedging instruments on the securities sold.

After consideration of the €277 thousand in depreciation and amortization, write-downs stood at €5,309 thousand as of June 30, 2024, accounting for 0.45% of the net book value of the securities concerned, compared to 0.52% as of December 31, 2023.

As of June 30, 2024, general operating expenses, after subtracting re-invoicing and transfers of administrative expenses, were €7,249 thousand compared to €7,693 thousand as of June 30, 2023. They include €3,534 thousand of personnel expenses compared to €3,437 thousand for the first half of the previous financial year and €3,715 thousand of administrative expenses after transfers and re-invoicing to Société Territoriale, compared to €4,256 thousand for the first half of 2023. This €541 thousand drop in administrative expenses primarily reflects a decrease in taxes, including contributions to banking regulatory bodies, which amounted to €37 thousand as of June 30, 2024 compared to €1,295 thousand in H1 2023, as no contributions to the Single Resolution Fund were required. This came to €1,258 thousand in 2023. Administrative costs, excluding taxes, rose by €575 thousand. This rise stems from the rise of consulting, legal and IT fees.

Income at June 30, 2024 takes into account depreciation and amortization expenses which amounted to €594 thousand at June 30, 2024 compared to €587 thousand at June 30, 2023. The increase reflects AFL's stable investment program year-on-year, mainly focused on developing its IT systems.

After depreciation and amortization, gross operating income at June 30, 2024 stood at €3,821 thousand, compared to €5,184 thousand for the first half of 2023. After taking into account €415 thousand of corporate tax, compared to €230 thousand in H1 2023, AFL's net income at June 30, 2024 showed a net profit of €3,405 thousand, compared to €4,953 thousand at June 30, 2023.

Reconciliation of French GAAP accounts with IFRS standards

Transition from French GAAP to IFRS (in th	30/06/2024
Net profit under French GAAP	**3 405**
Net profit AFL - Foncière - French GAP	**-18**
IFRS restatements	
Cancellation of provisions for unrealized losses on investment securities	277
IFRS 9 impairment losses	-255
Hedging inefficiencies of financial instruments	-1261
Deferred tax adjustments	265
Other treatments	-456
Net profit under IFRS	**1 957**

3.2 AFL financial statements according to IFRS

In H1 2024, the net interest margin (NIM) edged lower from €12,876 thousand as of June 30, 2023 to €11,492 thousand. The net interest margin had benefited, in 2023, from an atypical fixing of the Euribor 3-month index on March 20, and later, from the higher returns delivered by the floating-rate assets that replaced equity capital, and finally, from the stronger returns from the cash reserves after the ECB rose its deposit rate.

In addition to interest income, the Group booked commitment and non-use fees on lines of credits amounting to €287 thousand (compared to €76 thousand in the first half of 2023) and capital gains on the sale of short-term investment securities of €282 thousand, after taking into account the hedging relationship disposal gain (compared to €450 thousand in the first half of 2023). Finally, hedge accounting generated an expense of €1,230 thousand, compared to income of €2,708 thousand.at June 30, 2023.

This resulted in net banking income of €10,694 thousand at June 30, 2024, compared to €12,119 thousand at June 30, 2023.

At June 30, 2024, interest income was broken down as follows:

- €160.5 million of net interest income after hedging on the loan book for the first half of 2024, compared to €85.4 million in the first half of 2023. This sharp rise in interest income from one period to the next stems from the large increase in credit volumes and from the short-term movements on interest rates.

- €57.4 million of interest income net of hedging on assets in the liquidity reserve and collateral management in H1 2024, versus €36.7 million of interest expense in H1 2023. This change was principally caused by rising interest rates during the period, as the cash reserves remained rather stable.

- €206.4 million of net interest expense after hedging on the loan book reported on AFL's balance sheet, compared to €109.3 million of net interest income in the first half of 2023. This almost 100% rise in loan interest also stems from the combined effect of growing debt volumes and rising short-term interest rates from one period to the next.

During the period, management of the liquidity reserve portfolio generated income of €282 thousand from the disposal of securities at fair value through other consolidated income, net of the cancellation of rate-hedging instruments on the securities sold. As a comparison, portfolio management in the first half of 2023 had generated €450 thousand in net capital gains on disposals.

At June 30, 2024, the net income from hedge accounting came to -€1230 thousand, compared to €2,708 thousand at June 30, 2023. It is made up of two components; on the one hand, income from the termination of interest rate hedges related to the disposals of securities indicated above for €31 thousand, and on the other hand, the sum of the differences in the fair value of the hedged items and their hedging instruments for -€1,261 thousand. Among these differences, -€428 thousand relate to the valuation differences on instruments classified as macro-hedges and -€833 thousand to the valuation differences of instruments classified as micro-hedges and denominated in euros. Latent valuation differences persist, as hedge inefficiencies, between the hedged items and the hedging instruments, one of the components of which stems from a market practice leading to a valuation asymmetry between, on the one hand, hedging instruments collateralized on a daily basis and discounted on an €STR yield curve and, on the other hand, hedged items discounted on a Euribor yield curve. It should be noted that this was nevertheless an unrealised income item.

As of June 30, 2024, general operating expenses stood at €7,213 thousand compared to €7,769 thousand as of June 30, 2023. They account for €3,567 thousand in personnel expenses, compared to €3,429 thousand in the first half of the previous financial year. General operating expenses also include administrative expenses, which amount to €3,647 thousand after re-invoicing to Société Territoriale compared to €4,340 thousand as of June 30, 2023. This €693 thousand drop in administrative expenses primarily reflects a decrease in taxes, including contributions to banking regulatory bodies, which amounted to €37 thousand as of June 30, 2024 compared to €1,295 thousand in H1 2023, as no contributions to the Single Resolution Fund were required. This came to €1,258 thousand in 2023. Administrative costs excluding taxes rose by €423 thousand. This rise stems from the rise of consulting, legal and IT fees.

Income at June 30, 2024 takes into account the depreciation, amortization and impairment of intangible assets and property, plant and equipment, which amounted to €578 thousand at June 30, 2024 compared to €484 thousand at June 30, 2023. The increase reflects AFL's stable investment program year-on-year, mainly focused on developing its IT systems.

After depreciation and amortization, gross operating income at June 30, 2024 stood at €2,903 thousand, compared to €3,866 thousand for the first half of 2023.

The cost of risk relating to ex ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 stood at €255 thousand over the first half of 2024, compared to impairments of €71 thousand in the first half of 2023. This rise in the cost of risk is mainly attributable to higher asset volumes, and to a lesser extent, to the downward revisions to assumptions used for determining the economic scenarios by asset class, to account for the deterioration of the macroeconomic and geo-strategic environment. The stock of impairment provisions stood at €1,4137 thousand as of June 30, 2024, up from €1,347 at June 30, 2023.

After deducting the cost of risk resulting from the application of IFRS 9, operating income stands at €2,648 thousand at June 30, 2024, compared to €3,795 thousand at June 30, 2023.

Lastly, tax expenses in 2024 totalled €691 thousand. These include:

- €415 thousand in corporate taxes, and
- €276 thousand in deferred tax expense, of which €540 from the reduction in deferred tax assets following the capitalisation of past tax losses and €264 thousand of deferred tax income from consolidation adjustments, mostly relating to inefficient hedge expenses.

After taking into account deferred tax expenses, net income at June 30, 2024 amounted to €1,957 thousand compared to €2,838 thousand at June 30, 2023.

3.3 Assets as at June 30, 2024 (IFRS)

AFL's assets mainly consist of loans to local authorities, securities resulting from investing the liquidity reserve, AFL's bank accounts, margin calls made to swap counterparties and the fair value of hedging derivative instruments. At June 30, 2024, AFL's assets are for the most part loans to member local authorities. Deposits with the Banque de France constitute a buffer, resulting from several fundraisings during the period, pending future disbursements as part of the production of loans, the pace of which tends to increase during the third and fourth quarters. At June 30, 2024, the percentage of liquidity in relation to the total statement of financial position amounted to 22%, compared to 21% at December 31, 2023.

Extracts from the main asset items (IFRS)

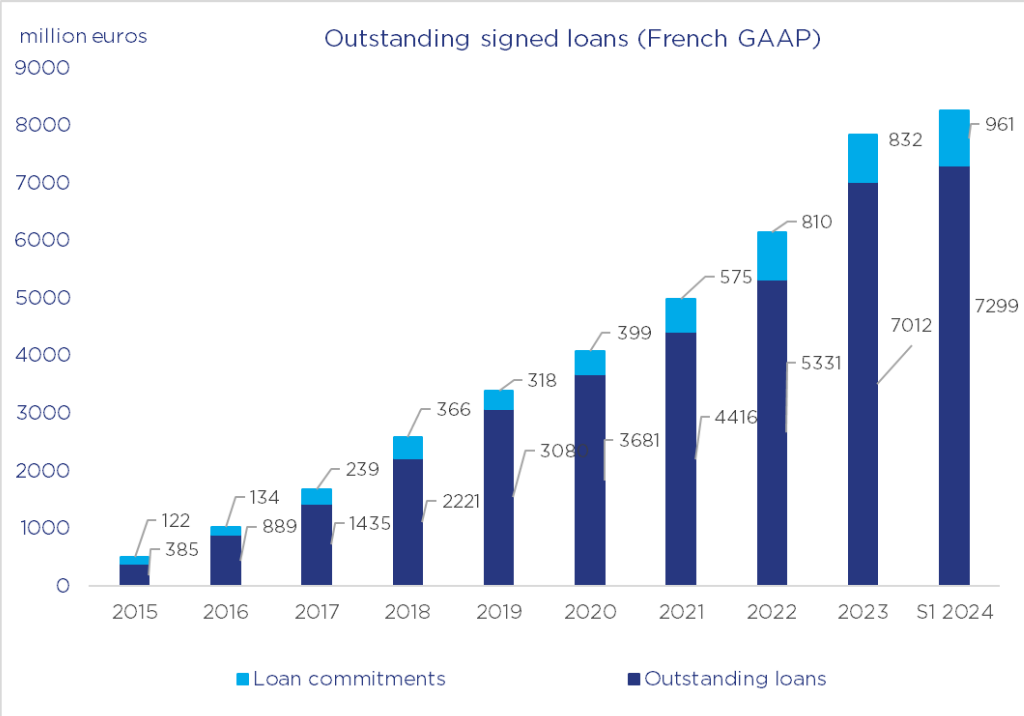
In thousands of euros	June 30 2024	Dec. 31 2023	Dec. 31 2022
Loans and customer transactions	6 815 449	6 576 479	4 690 415
Securities at fair value through other comprehensive income	689 953	591 496	707 306
Securities held at amortized cost	424 967	329 201	256 891
Loans and receivables due from credit institution	168 803	71 509	93 151
Margin calls	71 541	103 784	177 604
Cash and central banks	818 835	975 130	1 134 411
Hedging derivative instruments	717 168	705 064	912 259

3.3.1 Loans to local authorities

AFL exclusively lends to French local authorities that are shareholders of Société Territoriale. As at June 30, 2024, under IFRS, the loan portfolio carried as assets on AFL's balance sheet represents an outstanding amount of €6,815 million compared to €6,576 million at December 31, 2023 after taking into account the impact of interest rate fluctuations on hedge accounting (change in the fair value of the hedged rate component). This change reflects the provision during the first half of 2024 of part of the loan production of FY 2023, which had not yet been disbursed and was carried off balance sheet at December 31, 2023, plus new loans made during the period under review. At 30 June 2024, off-balance sheet financing commitments amounted to €961 million, up from €832 million at 31 December 2023. As a result, credit commitments to local authorities carried by AFL totalled €7,776 million at June 30, 2024, compared to €7,409 million at December 31, 2023.

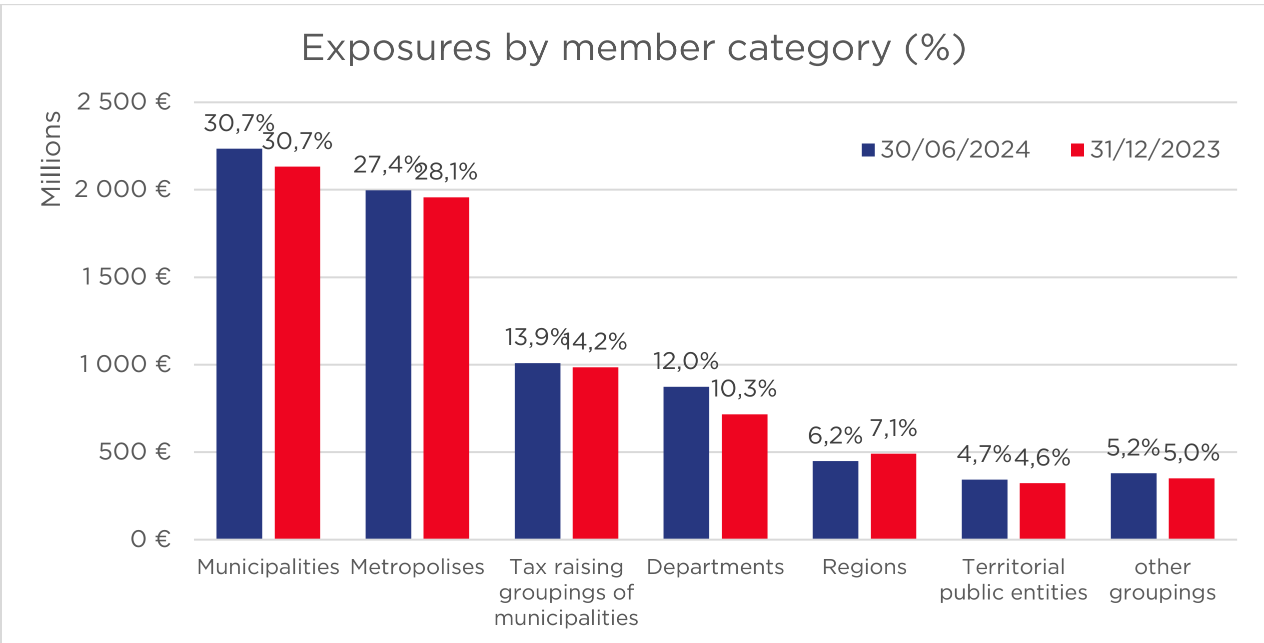
The change in the average portfolio of signed medium- and long-term loans, measured as outstanding principal (in accordance with French GAAP), is shown in the graph below.

Change in outstanding loans (in millions of euros)



As at June 30, 2024, 71.9% of the loan portfolio consisted of exposures to the entire municipal segment, compared to 73% at December 31, 2023. Exposure to departments increased from 10.3% at December 31, 2023 to 12.0% at June 30, 2024, and exposure to regions edged down from 7.1% at December 31, 2023 to 6.2% at June 30, 2024. Finally, exposure to EPT and mixed unions was almost stable at 4.7% and 5.2% as of June 30, 2024 compared to their respective levels as of December 31, 2023, which were 4.6% and 5.0%. .

Breakdown of exposures by type of local authority member



Among the other characteristics of the loan portfolio, it is worth noting the stability of the residual maturity of the outstanding credit, which amounts to 15.8 years at June 30, 2023.

3.3.2 Liquidity reserve

Other assets in the statement of financial position mainly include the liquidity reserve that corresponds to the portion of the resources not yet distributed in the form of credits and kept for the purpose of liquidity of the credit institution, in accordance with the regulatory obligations, AFL's liquidity policy guidelines and good management practices.

AFL's liquidity reserve primarily covers the institution's cash requirements, which are generated by the credit activities, the debt service and the margin calls that AFL may have to handle due to the significant use of interest rate and currency risk hedging instruments in accordance with its financial policies and management objectives. This liquidity is invested and may be deployed under any circumstances.

At June 30, 2024, liquidity reserve assets totalled €2,103 million, compared to €1,967 million at December 31, 2023, an amount corresponding to almost 12 months of cash flow requirements.

The liquidity reserve is split into two main segments:

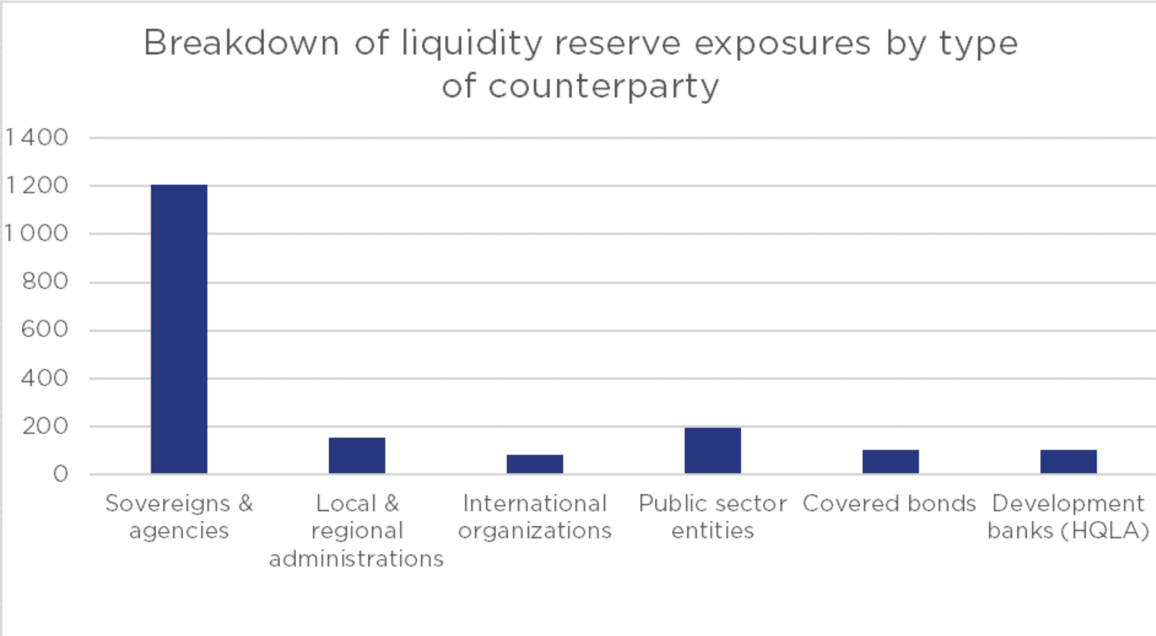
- A segment invested in very short-term instruments, mainly deposits on "nostro" accounts with the Banque de France for a total of €988 million; and
- A segment consisting mainly but not exclusively of HQLA-accredited securities[5], due to their superior credit rating and high liquidity, totalling €1,115 million.

Due to its liquidity reserve investments, AFL bears a credit risk on the issuers of assets that it acquires or on the exposures that it takes. However, this credit risk is limited, as these are quality counterparties displaying the highest credit ratings from major rating agencies. At June 30, 2024, 86.5% of the liquidity reserve was comprised of assets referred to as "HQLA", a large proportion of which are Banque de France deposits and securities issued by sovereigns and public agency issuers, as shown in the graph below. The other exposures consisted mainly of "nostro" accounts and a few positions in banking sector securities. The securities acquired as part of the liquidity reserve are issued or guaranteed by the French state, or states of the European Economic Area or third countries with very high credit ratings, or supranational institutions with the highest ratings, as well as securities issued by financial institutions, some of which are guaranteed by European states, and securitized bonds.

The graphs below show the breakdown of the liquidity reserve by type of counterparty, by country, by rating and by risk category at June 30, 2024.

[5] High Quality Liquid Assets.

Breakdown of liquidity reserve by counterparty type[6]

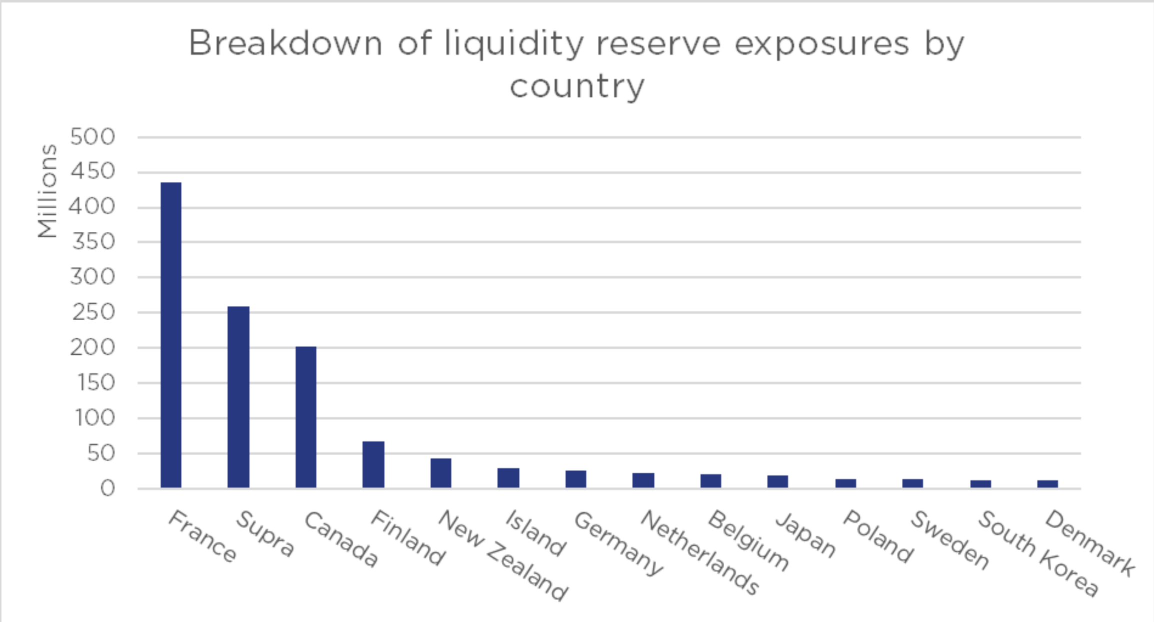


As shown in the graph below, assets held in the liquidity reserves are geographically diversified, though with a significant proportion of French counterparties. Note, however, that the French portion includes term deposits and "nostro" accounts but excludes Banque de France deposits due to their weight in the liquidity reserves. The latter account for €819 million as of June 30, 2024 for a total liquidity reserve of €2,103 million.

The broad regional diversification of the assets invested the cash reserves ensured the latter remained resilient despite volatile capital markets.

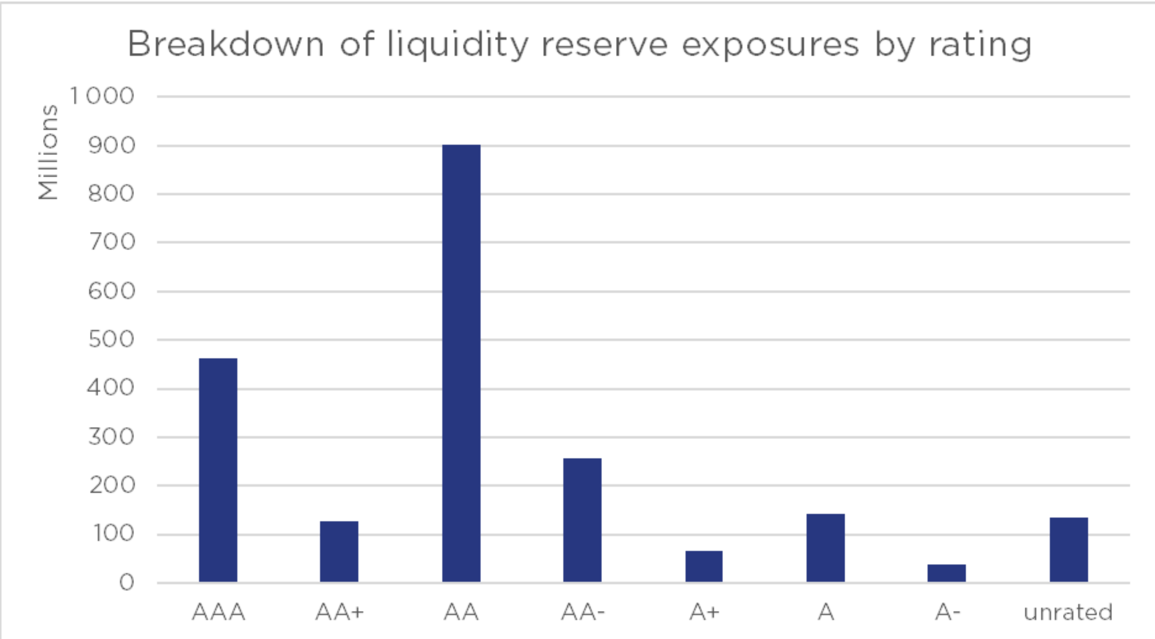
[6]Development banks or public development credit institutions (defined by the European Commission's Delegated Act on the LCR liquidity coverage ratio of October 10, 2014) are categories of financial institutions eligible for the HQLA rules in view of their particular characteristics.

Breakdown of liquidity reserve exposures by country at June 30, 2024



The rating of all the exposures that AFL carries in its liquidity reserve remains very high, with 82% rated AA- and above.

Breakdown of liquidity reserve exposures by rating



3.3.3 Margin calls and valuations of hedging swaps

Excluding loans to local authorities and assets in the liquidity reserve, the balance of financial assets on AFL's statement of financial position is made up of the positive fair value of interest rate and foreign exchange swaps and the associated margin calls. AFL clears almost all of its interest rate swaps with the clearing house LCH Clearnet, and executes its foreign exchange swaps with counterparty banks. Margin calls paid by AFL amounted to €71.3 million at June 30, 2024, compared with €103.4 million at December 31, 2023. These are principally foreign exchange swaps contracted by AFL to hedge its currency exposures, and reflect the appreciation of the currency hedging derivatives.

Margin calls received by AFL on interest rate swaps came to €95.3 million at June 30, 2024, compared with €131.3 million at December 31, 2023. This variation has remained limited relative to interest rate swap volumes, which were mostly settled by the LCH clearing house.

Regarding deals settled through the clearing house, it is necessary to take into account the collateral deposits (IMR) hedged by securities, which totalled €66.6 million at June 30, 2024, compared to €61.2 million at December 31, 2023.

At June 30, 2024, the fair value of AFL's hedging swaps was broken down as follows:

	June 30 2024	
In thousands of euros	Notional	Market value
Interest rate swaps	15 841 448	98 219
Cross currency swaps	1 665 248	-66 654
Total	17 506 696	31 565

3.3.4 Securitization

AFL has no exposure to securitization.

3.4 Debts and capital as at June 30, 2024 (IFRS)

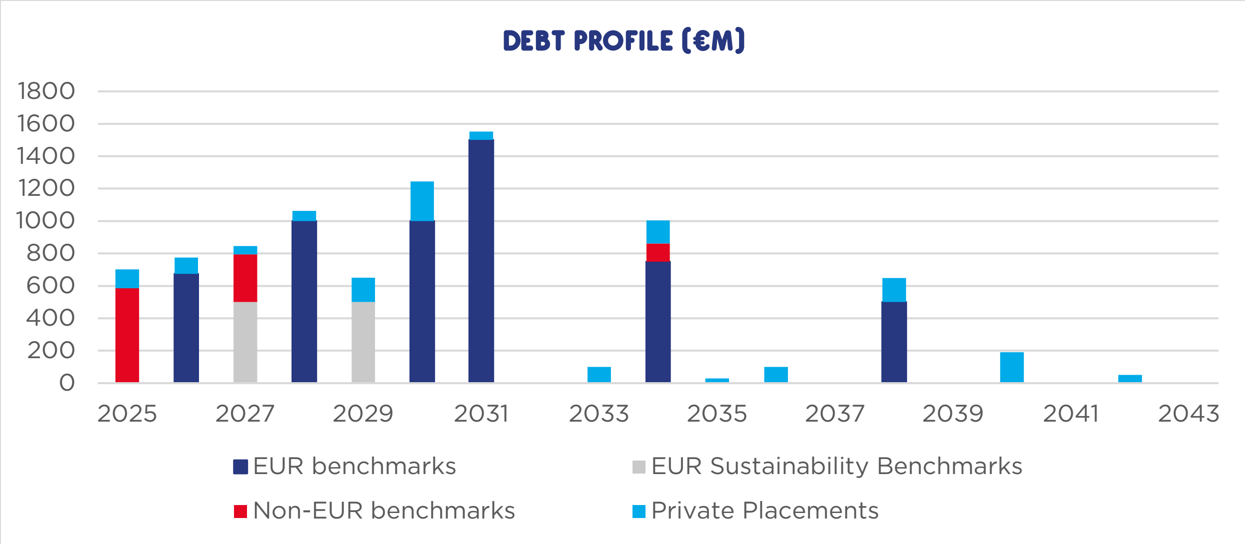
In addition to equity capital, AFL's liabilities mainly consist of the bonds issued since AFL's began its banking activities and not yet amortized. Liabilities may also include debt securities issued under the AFL's ECP program.

The portfolio of debt issued by AFL has a book value of €8,613 million at June 30, 2024, compared to €8,262 million as of December 31, 2023. This change stems from: i) debt issuance totalling €1.4 billion during the period; ii) from the redemption on June 20th 2024 of the €820 million bond issued in 2016, then successively tapped twice, and ii) from the consequences of interest rate fluctuations since the time of issuance, that were taken into account in the amortized cost, in accordance with hedge accounting rules.

At June 30, 2024, the outstanding medium- and long-term debt had an average maturity of 6.2 years.

In addition to these medium- and long-term debt instruments, short-term debt securities denominated in euros totalling an average €491 million during the period.

AFL's debt maturity profile is shown in the graph below:



After the two capital increases held in the first half of 2024 as 102 new local authorities became AFL-ST members, the amount of AFL subscribed capital totalled €249,884,600 at June 30, 2024 compared to €232,047,600 at December 31, 2023.

AFL-ST's two capital increases triggered by new memberships were then followed, at AFL level, by 2 capital increases as well as a €13.4 million capital decrease, conducted on June 27th 2024. The objective was to clear the company's negative deferral after FY 2023 earnings were allocated to the retained earnings account, as per the decision of the AGM on May 6th 2024.

After taking into account retained earnings, AFL's equity capital amounted to €229.3 million at June 30, 2024 compared to €208.1 million at December 31, 2023.

Excerpts of the main liabilities

En milliers d'euros	June 30 2024	Dec. 31 2023
Debt securities issue	8 613 470	8 262 191
Equity	229 264	208 136

4. Description of the main risks and uncertainties to which the Company is confronted

This section describes the main risks that could, according to AFL's estimates at the date of this report, affect AFL's activity, financial position, reputation, earnings or outlook. These were identified when mapping risks for the Groupe Agence France Locale. This mapping, which will be updated in 2024, assesses the criticality of risks, i.e. their severity in terms of operational, financial, legal/regulatory and reputational impact, as well as the likelihood of their occurrence, after taking into account the action plans put in place.

The risks specific to the business are presented by main categories, in accordance with Article 16 of Regulation (EU) No. 2017/1129, termed "Prospectus 3" of 14 June 2017, as amended.

Within each of the risk categories mentioned below, the risk factors that AFL considers to be the most significant at the date of this report are mentioned first. The exposure figures presented provide information on AFL's degree of exposure but are not necessarily representative of future risk trends.

4.1 Strategic risks

A. The global economic, financial and political environment in countries and markets where AFL operates or raises capital may have a significant impact on AFL's financial position and net income

AFL, which is a specialised credit institution serving French local authorities only, could be deeply affected by a significant deterioration in the economic, financial, political or geo-strategic environment of the countries and markets in which it carries out its activities, seeks refinancing, or invests its cash.

In June 2024, geopolitical tensions were high, global and multi-faceted. Both in Ukraine, or in Gaza after the Hamas attacks, these tensions are indicative of an accelerated fragmentation of the world around blocs advocating opposing visions. Any change could destabilise Europe, AFL's main area of activity, and generate volatility in the international financial markets where AFL seeks funding, or invests its cash. The upcoming US Presidential election has also generated more volatility.

At end March 2024, France's debt had reached 110.7% of GDP, with the cost of debt gradually rising as interest rates returned to positive territory. In June 2024, the European Commission launched a excessive deficit procedure for France. At the end of the summer, the French government announced that deficit forecasts for 2024 would exceed 5.5% of GDP. According to the Fitch and S&P rating agencies, France's long-term credit rating has been AA- since April 28, 2023 for Fitch and May 31, 2024 for S&P, both with a stable outlook. On June 11, 2024, in the wake of the European elections, the President chose to dissolve the French Parliament. After the general election, no party or coalition appeared to have won a majority in Parliament. On September 5, 2024, the President of the Republic appointed a Prime Minister, who on September 21 formed his government. This delay in providing France with a government - although justified by the Paris 2024 Olympic Games and which did not prevent the country from functioning due to the maintenance of the previous interim government and a quality technocracy in place - delays the adoption of the 2025 budget. More generally, this political context questions France's capacity to pursue the structural reforms necessary to reduce its deficit and jeopardizes the credibility of the proposed recovery trajectories.

In this environment, the scenario of a downgrade cannot be excluded. As AFL's credit ratings by S&P and Fitch are aligned with those of the country, this would mechanically lead to a downgrade for AFL. The consequence could be higher borrowing costs for AFL, which would weigh on profitability if these costs cannot be passed on to the borrowers.

In H1 2024, as a result of the tough monetary policy deployed by the ECB, total inflation in France (Harmonized Index of Consumer Prices (HICP)) which had peaked early 2023 began to ebb: inflation retreated to 1.9% in August 2024 according to Insee, falling below 2% for the first time in 3 years as economic growth and job market forecasts began to weaken. If inflation is effectively brought under control, both short and long rates could ease. This evolution could weigh on AFL's capital ratios and net interest margin, even though the latter is largely insensitive to interest rates.

In terms of spreads, in 2024, weaker economic growth in Germany caused the spread between the Euribor yield curve and the Bund to deteriorate further. If the trend continues, for example if the German economy continues to stumble, the consequence could be higher refinancing costs for AFL, which would weigh on profitability if these costs cannot be passed on to the borrowers.

The financial situation of local authorities - AFL's sole borrowers - is expected to weaken in 2024 due to rising running and investment expenses, partly as a result of the election cycle. The situation could worsen in the years to come as local authorities will be called upon to help restore the country's public finances. While this deterioration is structurally limited - the Golden Rule is that French local authorities must redeem their loans with their operating surplus - it may, however, cause AFL's impairments to increase, or even lead to a member defaulting on its obligations with regards to AFL, or on its obligations with regards to the Member Guarantee mentioned in the C risk factor.

Broadly speaking, AFL's exposure to the French local public sector exposes the entity to risks arising from the economic and social situation in France, which may weigh on local authority budgets, and to risks arising from changes in public policies (local or national) regarding local authority funding, which are likely to restrict the borrowing capacity of member local authorities and lower their budgets. Both could significantly affect AFL's loan origination and its earnings.

B. *The competitive environment could affect AFL's activities and it may not arouse the expected interest among local authorities. AFL carries out these activities for the exclusive benefit of its member local authorities and therefore has no diversification ambitions.*

Existing and/or growing competition in the local public sector financing market, notably resulting from players such as the LBP-SFIL-CAFFIL-the CDC group, the EIB, the BPCE group and the Crédit Agricole group, could lead: (i) to significant reductions in AFL's profit margins; and (ii) to very limited new lending by AFL, with a negative impact on AFL's net banking income.

Although AFL was created by law and addresses the strong and consistent demand in recent years from a large number of local authorities, the development of AFL's activities depends on the added-value of the model deployed for local authorities.

Development could be hindered by the reluctance of local authorities to become members of the Agence France Locale Group, which requires them to become shareholders of AFL-ST, make initial capital contributions (ICC) and act as guarantors under the Member Guarantee, or by the restrictions they may be subject to on the use of debt.

A lack of interest among local authorities could delay the acquisition by AFL of the equity capital necessary for the development of its activity, and in the absence of sufficient ICC payments, could hinder credit growth or even jeopardise its future. This risk is higher in periods of high reliance on credit which would require AFL to hold substantial equity capital to meet its members' demand for loans. In 2023, AFL accounted for a market share estimated at nearly 55% of its members' financing needs.

In accordance with Article L. 1611-3-2 of the French General Local and Regional Authorities Code, AFL carries out these activities for the exclusive benefit of its member local authorities and hence has no diversification ambitions. Although the number of local authority members of the Agence France Locale Group has grown consistently, if the market for funding local authorities loses its appeal, AFL may not be able to develop an alternative activity, which could call into question its continuity.

C. *AFL is supervised by the prudential control authority and subject to constant regulatory change, which could have an impact on its financial position.*

AFL has been authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) since 12 January 2015 as a specialised lending institution. This authorisation is indispensable for the exercise of AFL's activity. This authorisation subjects AFL to a certain number of regulatory requirements, including the obligation to comply with specific textual provisions and prudential ratios.

Regulatory changes may disrupt the forecasts made by AFL as part of its business plan, strengthen some of its obligations and therefore negatively impact its earnings.

Directive 2014/59/EU of May 15, 2014, as amended (the "RRD"), and Regulation No. 806/2014 of 15 July 2014, as amended by Regulation (EU) 2019/877 of 20 May 2019 on the single resolution mechanism (the "SRM"), establish a framework for the recovery and resolution of lending institutions and investment firms that aims to enable a wide range of actions which may be taken by the competent regulatory authorities in connection with lending institutions and investment firms that are considered to be at risk of default. The objective of the RRD is to provide the resolution authorities, including the ACPR in France, with common and effective tools and powers for tackling banking crises in advance, preserving financial stability and minimising the exposure of taxpayers to losses.

The SRM regulations provide for the application of several resolution tools that can be implemented: (a) in the event of an actual or foreseeable default of AFL or the Group; (b) if there is no reasonable prospect that a measure other than private action or supervisory action will prevent the failure; and (c) a resolution measure is necessary in the public interest.

Article 22 of the SRM regulations lists the following resolution mechanisms:

- Disposal on normal terms either of the institution itself or of all or part of its business, without the consent of the shareholders;
- Bridge institutions - allow resolution authorities to transfer all or part of the institution's activities to the "bridge institution" (an entity under public control);
- Separation of assets - allows resolution authorities to transfer impaired or toxic assets to a structure that can manage and ultimately restore them; and
- Bail-in - allows resolution authorities to write down certain subordinated and non-subordinated debt (including principal and interest on the notes) of a defaulting institution and/or convert them into equity securities, which may then also form the object of other reduction or impairment measures.

The level of minimum capital requirements and eligible liabilities of each lending institution is determined by the Resolution Council on the basis of the following criteria: the need for the resolution measures taken to satisfy in full the objectives of the resolution; the need, where applicable, for the lending institution to have a sufficient amount of eligible commitments to ensure that losses can be absorbed and that the basic equity capital requirement of the lending institution subject to a resolution procedure can be brought to the level necessary for it to continue to fulfil the conditions of its authorisation and to carry out the activities for which it was authorised and to ensure that the markets have sufficient confidence in this lending institution; the size, business model, financing model and risk profile of the lending institution; the negative effects on the financial stability of the default of the lending institution in question, due, in particular, to the contagion effect resulting from its interconnection with other institutions or with the rest of the financial system.

On 22 December 2023, the ACPR confirmed the Agence France Locale Group's obligation to hold capital which permitted it to comply with a total prudential capital requirement of 9.25%, including the minimum capital requirement of 8% and an additional capital requirement, known as Pillar 2, of 1.25%. In addition, AFL Group is required in principle to hold capital enabling it to meet the capital conservation buffer requirement set at 2.5%. The countercyclical buffer rate applicable to French exposures since 2 January 2024 is 1%.

Considering AFL's risk profile and activity, the liquidation strategy was adopted as the Group's resolution strategy, with the MREL requirement thus set at 11.75%, limited to the loss absorption amount, calculated as the sum of the capital requirements. At 30 June 2024, prudential capital amounted to € 232.9 million. Given the credit quality of the assets carried by the Agence France Locale Group, the solvency ratio (CET1) reached 77.7% on a consolidated basis as of 30 June 2024.

The powers granted to the resolution authorities, or non-compliance by AFL with the minimum capital requirements and eligible liabilities, could have an influence on its management, as well as on its financial position and its business plan.

Failure to comply with regulatory requirements could also require AFL to implement one or more reinstatement measures or even lead to the revocation of AFL's authorisation and jeopardise the sustainability of its existence.

4.2 Financial risks

A. AFL is exposed to liquidity risk in its three aspects:

- Liquidity price risk:
  Refers to the risk of a deterioration in the refinancing conditions of certain assets that could generate a loss in net banking income due to a mismatch between the maturity of refinanced assets and that of the liabilities; this mismatch most commonly occurs with assets with a longer maturity than the liabilities. At 30 June 2024, the average maturity difference between AFL's assets and liabilities was 0.88 years and the NSFR ratio was 171%.

- Financing risk:
  Refers to the risk that AFL will be unable to raise the liquidity it needs to meet its commitments and the financing requirements associated with its development. At 30 June 2024, AFL had a liquidity reserve of €2.1 billion, corresponding to an NCRR ratio of 98%. The regulatory 30-day liquidity ratio (LCR) was 622% as of June 30, 2024.

- Illiquidity risk:
  The risk of a disruption in short-term cash flow, notably if AFL is unable to sell a given asset in a market without suffering a loss. At 30 June 2024, for the portfolio of financial assets at fair value through equity alone - the net balance sheet value of which was €690 million - the impact of gains and losses recognised directly in equity stood at -€3.228 million, net of deferred tax.

It should be highlighted that AFL's liabilities do not consist of overnight deposits but of market resources.

AFL has access to TRiCP (*Traitement Informatique des Créances Privées*) [IT processing of private receivables], which provides it with a credit line from the Banque de France which is available at any time, by mobilising its medium- to long-term loans. If AFL were nevertheless to experience, for example, an unexpected outflow of cash or assets pledged as collateral (e.g. assets pledged as part of its interest rate or foreign exchange derivative transactions) and/or if it could not access the debt market on terms judged as acceptable for an extended period, its financial position could be adversely affected.

A deterioration in economic conditions (see risk factors §1.A ci-dessus) or a lack of interest by local and regional authorities in the products offered by AFL (see risk factor 1. B ci-dessus), or an operating loss could also lead to a downgrading of AFL's credit rating, affecting its access to funding, which would in turn impact its financial position.

B. Changes in interest rates and exchange rates are likely to impact AFL's financial position adversely.

- Interest rate risk:

Interest rate risk includes the risk that AFL will suffer losses due to unfavourable changes in interest rates due to its balance sheet and off-balance sheet transactions, and notably in the event of a mismatch between the interest rates generated by its assets and those arising from its liabilities.

In order to protect itself from interest rate risk, AFL concluded hedging contracts.

AFL's interest rate risk hedging policy consists of micro-hedging or quasi-systematic macro-hedging of AFL debts, loans granted by AFL and securities held in the liquidity reserve to transform them into variable-rate instruments indexed to the 3-month Euribor reference, or debts issued by the Issuer to transform them into variable-rate instruments indexed to the €STR benchmark, using interest rate swaps. The hedge in place protects AFL against a uniform rise in the yield curve and the basic risk associated with the indexation of certain parts of its balance sheet against €STR; it generates a liquidity risk, depending on changes in rates, due to margin calls, as well as a credit risk on the banks that are counterparties to the swaps or the clearing house LCH Clearnet.

At 30 June 2024, the interest rate hedging strategy resulted in notional swaps outstanding of €15.84 billion. Margin calls received net of margin calls paid by way of interest rate derivatives amounted to €94.87 million.

The Group nevertheless remains exposed to interest rate risk, particularly if part of AFL's equity is used for loans granted to local authorities that are not hedged against interest rates, if short-term positions are not hedged against interest rates, in the event of an indexation gap between part of AFL's Banque de France overnight deposits and the bank's liabilities, or of a gap between the fixing dates of interest rate indices among balance sheet items.

Consequently, interest rate changes could have a negative impact on AFL's net present value or on its future results.

At 30 June 2024, the sensitivity of the net present value (NPV) of AFL's equity was -3.7%, assuming a parallel shift of more than 100 basis points and -7.1%, assuming an upward shift of more than 200 basis points in the yield curve.

Sensitivity of Net Present Value - "Old Outlier Test" (% own funds)

Interest rate scenarios	June 30 2024	Dec. 31 2023	Limite
Parallel shock up + 200 bps	-7,12%	-6,93%	15,00%
Parallel shock up + 100 bps	-3,71%	-3,65%	15,00%
Parallel shock down - 100 bps	4,04%	4,05%	15,00%
Parallel shock down - 100 bps (floor)	4,04%	4,05%	15,00%
Parallel shock down - 200 bps	8,57%	9,59%	15,00%
Parallel shock down - 200 bps (floor)	8,57%	9,59%	15,00%

AFL has implemented the scenarios for calculating the sensitivity of the net present value (NPV) of its own funds to assumptions of non-linear changes in the yield curve (IRRBB). The table below shows NPV sensitivity to the various scenarios at June 30, 2024.

Sensitivity of Net Present Value - 6 Chocs BCBS from IRRBB (% own funds)

Scénario de taux	June 30 2024	Dec. 31 2023	Limite
Parallel shock up + 200 bps	-7,12%	-6,93%	15,00%
Parallel shock down - 200 bps	8,57%	9,59%	15,00%
Short rates shock up	-1,02%	-0,02%	15,00%
Short rates shock down	1,09%	0,08%	15,00%
Steepener shock	-2,36%	-3,32%	15,00%
Flattener shock	1,25%	2,28%	15,00%

At 30 June 2024, for parallel shocks of between -200 bps and +200 bps, the sensitivity of AFL's net interest margin was below the 5% equity limit:

Net Interest Margin sensitivity (% own funds)	June 30 2024	Dec. 31 2023
Parallel shock up + 200 bps	-0,08%	0,13%
Parallel shock up + 100 bps	-0,04%	0,07%
Parallel shock down - 100 bps	0,03%	-0,07%
Parallel shock down - 200 bps	0,06%	-0,16%

Lastly, due to the interest rate sensitivity of the IFRS valuation of AFL's exposures, a fall in long-term interest rates could weigh on AFL's solvency ratio.

- Foreign exchange risk
  Foreign exchange risk includes the risk that AFL may incur losses on borrowed or loaned assets in currencies other than the euro.

  As a protection against foreign exchange risk, AFL entered into hedging contracts. AFL's policy is to hedge this risk systematically through the implementation of micro-hedging currency swaps. As a result, assets and liabilities denominated in currencies other than the euro are systematically hedged against the euro as soon they are recorded in the balance sheet and until their final maturity.

  At 30 June 2024, the notional amount outstanding on currency swaps was €1.67 billion. The hedges implemented generate a liquidity risk, as margin calls are sensitive to the forex market, as well as a credit risk on the swap counterparty banks.

  Margin calls paid net of margin calls received, for these hedging instruments came to €65.09 million at 30 June 2024.

C. AFL is exposed to the credit risk of its borrowers and counterparties.

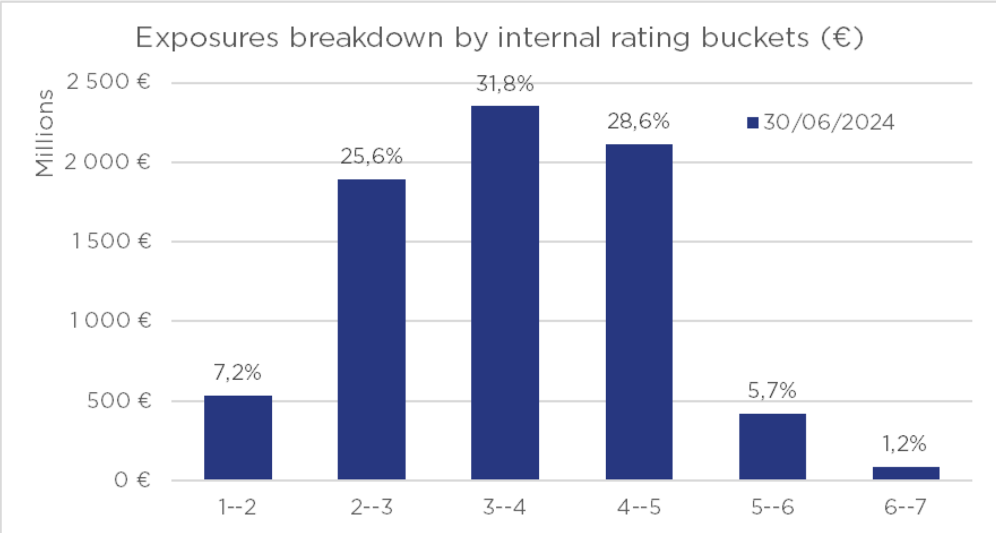
- The credit risk of its borrowers
  Pursuant to Article L. 1611-3-2 of the French General Local and Regional Authorities Code (CGCT), AFL carries out its activities for the exclusive benefit of the local authorities that are shareholders of AFL's parent company and guarantors of the debt securities issued by AFL up to the amount of their respective medium- to long-term loans outstanding (the Member Authorities). At 30 June 2024, AFL's total loan commitments to local authorities amounted to €7.776 million.

  In accordance with the Commitment and Proximity Act, the member local and regional authorities are all local authorities, their groups and local public institutions.

  The breakdown by rating of AFL's portfolio of loans to local authorities revealed a granular and high-quality portfolio.

  At 30 June 2024, 32.8% of this portfolio was exposed to Member Authorities with ratings between 1 and 2.99. The five largest exposures account for 14.66% of the portfolio. The largest exposure represented 3.22% of the portfolio and the fifth largest 2.61%. At 30 June 2024, the average rating of loans made by AFL to its members, weighted by outstanding loans, was 3.5552 on a scale of 1 to 7 (1 is the best rating and 7 the worst).

The following graph shows the breakdown by rating of AFL's portfolio of loans to Member Authorities as of 30 June 2024:



Current and future member local authorities have a very limited risk profile due to the institutional rules governing their operations, which are similar between different categories. As a result, the loans granted by AFL benefit from this same profile. A default by a member on its obligations to AFL or on its obligations by way of the Member Guarantee nevertheless cannot be ruled out. This risk is higher if local authorities are expected to contribute to restoring the country's public finances. This could entail a reduction in the funds granted by the French government - see Risk factor A.

As on December 31, 2023, AFL has no doubtful receivables as of June 30, 2024.

	30/06/2024				31/12/2023			
	Agence France Locale -SO Solo - IFRS				Agence France Locale -SO Solo - IFRS			
Breakdown according to IFRS 9 Stages	Gross exposures (€)		Provisions (€)		Gross exposures (€)		Provisions (€)	
Stage 1	9 478 773 368	99,35%	1 329 288	93,72%	9 055 853 279	99,3%	1 064 105	91,5%
Stage 2	61 717 872	0,65%	84 577	5,96%	62 285 042	0,7%	94 485	8,1%
Stage 3	-	0,00%	-	0,00%	-	0,0%	-	0,0%
Total	9 540 491 240	100%	1 413 865	100%	9 118 138 322	100%	1 158 590	100%

As AFL grants loans to member local authorities only, the entity naturally shows a high concentration of its credit risk on a unique type of market participant. AFL is therefore exposed to any deterioration affecting this given sector (see also risk factor §A ci-dessus).

The occurrence of such risks could result in a write-off for AFL.

- The credit risk of its counterparties

Due to its cash investments, AFL is exposed to the credit risk associated with the issuers of securities held in its cash portfolio. Despite its cautious investment policy, AFL remains exposed to the risk that issuers of securities in which it has invested are unable to meet their financial obligations. This risk is higher when the economic and financial environment is weaker - for example, the situation caused by the war in Ukraine. The occurrence of such an event may generate a loss in net income and/or adversely impact AFL's equity capital.

AFL is exposed to high quality securities, with 82% rated AA- or above by Standard & Poor's at 30 June 2024. The average weighted risk of this portfolio was 5.1%.

In addition, AFL clears almost all of its interest rate derivatives through clearing houses and its exchange rate derivatives bilaterally. AFL is not in a position to guarantee that its counterparties, whether clearing houses or banking institutions, will be able to meet their obligations under the hedging contracts it has entered into, and a default on their part could affect AFL's financial position.

D. Financial risk due to climate change

French local authorities have varying degrees of exposure to climatic events. The expected increase in the frequency and severity of events linked to the effects of climate change (extreme meteorological events such as floods, droughts, heat waves or chronic changes such as the retreat of the coastline) may have a significant impact on local authorities, particularly certain overseas local authorities. These events may have a significant negative impact on their budgets, which may vary as a function of the size of the local authority, due to the damage caused or the need to adapt infrastructure; they may also increase their financing requirements.

In this context and considering the increasing vulnerability of certain areas and the public and private infrastructure that they host, the occurrence of such risks could result in a loss of value for AFL, which is exposed to credit risk with regard to local authorities. AFL has therefore developed a climate vulnerability indicator based on public data sourced from the Environmental Transition Ministry and the INSEE. This metric is designed to assess the vulnerability of French local authorities to climate events and to integrate climate risks into its credit risk analysis. At the date of publication, the climate vulnerability indicator has brought attention to the fact that the vast majority of French local authorities are either not, or little impacted by climate-related events.

4.3 Non-financial risks

A. AFL is exposed to human capital risks

As dictated by its model, AFL relies on a limited number of people (44 employees, including 40 permanent contracts, 4 work-study students and one corporate officer (not on payroll) at June 30, 2024 for running its operations. The loss of one or more individuals essential to its business, whether through poaching or temporary or permanent unavailability (accident, illness) is therefore likely to have a significant impact, disrupting operations and organisational stability or causing loss of skills, which may hinder business continuity or compromise its long-term viability.

B. An operational failure, interruption or incident affecting AFL's partners, or a failure or breach of AFL's information systems could result in losses.

The AFL Group's capital requirements for operational risks amounted to €2.72 million at 30 June 2024.

Communication and information systems are essential to AFL's business and operations due to its activity as a specialised lending institution. AFL has largely chosen to outsource these elements. Any breakdown, malfunction, interruption or breach of its systems or those of its external service providers (including cyber risk), or those of other market participants (such as clearing houses, intermediaries and financial services providers), even if brief and temporary, could lead to significant disruptions in AFL's activity.

Such incidents could have a material impact on AFL's ability to carry out its activities and would be likely to lead to significant direct or indirect operating losses and damage AFL's reputation.

During the past financial year, no significant operating loss occurred.

These risks are heightened in the context of the resurgence of cyberattacks linked to the war situation in Ukraine.

C. Failure by AFL to comply with applicable regulations could lead to losses.

As a lending institution, AFL must comply with multiple laws and regulations - notably those applicable to credit institutions and issuers of listed securities, data confidentiality rules, European and US laws and regulations on money laundering, corruption and sanctions. In this regard, AFL is exposed to the risk of legal, administrative or disciplinary penalties if it does not comply with these various regulations. The control and compliance framework that AFL has implemented cannot fully guarantee that such a risk will not materialise. In addition, AFL does not control the use made by members of the loans that are granted, and could thus indirectly, as a result of activities carried out by the members, fail to comply with certain regulations. The occurrence of such a risk could result in a write-off or damage AFL's reputation, or even the withdrawal of its authorisation as a specialised credit institution or its authorisation to issue listed securities, thus making it impossible for AFL to carry on its activity.

D. The risk of litigation between AFL and one of its counterparties could lead to losses.

No significant disputes have been recorded between AFL and any of its counterparties during the half-year ended June 30, 2024. Nevertheless, it cannot be ruled out that litigation may arise in the context of its activities, in particular with a local authority member, which would damage AFL's reputation and could result in a loss of value for AFL.

5. Regulatory requirements as of June 30, 2024

5.1 Prudential capital and ratios

AFL reports regulatory equity capital to the ACPR on a consolidated basis only, in accordance with IFRS accounting standards, regarding its parent company, AFL-ST.

At June 30, 2024, prudential capital amounted to €232.9 million, compared to €207 million at December 31, 2023 - a 12.5% increase. This increase is due in particular to the ICC paid up during the capital increases carried out in H1 2024, which came to €17.84 million, as well as to AFL's consolidated income for 2023 capitalized on January 1, 2024 for €5.74 million. €1.63 million of this rise stems from the unrecognised gains and losses recorded in other income items, deriving from the unrecognised gains and losses posted by the liquidity and cash-flow hedging reserves.

AFL's banking leverage ratio stood at 2.42% at June 30, 2024 - which is above the 2.25% cap set by AFL and above the 1.7% requirement enforced by decree n°2024-807 of July 15, 2024 pursuant to Article L. 1611-3-2 of the French General Local and Regional Authorities Code (CGCT).

AFL's leverage ratio - calculated according to the methodology applicable to public development credit institutions - stood at 9.69% on a consolidated basis at June 30, 2024, which is comfortably above the 3% regulatory requirement.

On June 21, 2024, the Supervisory Board of the Autorité de Contrôle Prudentiel et de Résolution (ACPR) announced that the risk weighting for exposures to French local authorities has been reduced from 20% to 0%. This new weighting affects municipalities, departments, regions and EPCIs (Public establishments for cooperation between local authorities, with their own tax status). Following this change, the face value of the AFL Group's solvency ratio has risen substantially.

As of June 30, 2024, the AFL Group's solvency ratio rose to 77.70% on a consolidated basis, versus 13.23% as of December 31, 2023. The solvency ratio is largely above regulatory requirements, which were confirmed by the ACPR on December 22, 2023. These requirements state that Agence France Locale Group must hold capital enabling compliance with a total prudential capital requirement of 9.25%, including the minimum capital requirement of 8% and an additional capital requirement, known as Pillar 2, of 1.25%. In addition, AFL Group is required in principle to hold capital enabling it to meet the capital conservation buffer requirement set at 2.5%. The countercyclical buffer rate applicable to French exposures since 7 April 2023 is 0.5%. It was increased to 1% with effect from 2 January 2024 onwards.

5.2 Liquidity ratios

At June 30, 2024, the AFL's LCR ratio stood at 622% and the NSFR amounted to 171%, both well above the prudential requirements.

Following its decision on June 21, 2024 published on July 3, 2024, the ACPR supervisory college announced that the debt issued by AFL would qualify as HQLA1 if the percentage of the credit granted by AFL to local authorities with 0% weightings is above 90% of its outstanding credit.

Exposure to French local authorities with 0% weightings stands at 94.9% as of June 30, 2024 - which is largely above the minimum threshold of 90%.

6. Outlook and events since June 30, 2024

a. Financial market transactions in the second half of 2024

Since the end of H1 2024, on July 18, 2024, AFL tapped its bond maturing on March 20, 2034 by €250 million with a narrower margin of 23 basis points over the OAT rate. This narrowing is attributable to the HQLA1 qualification of debt issued by AFL following the decision on June 21, 2024 whereby the ACPR announced that the risk weighting on French local authority exposures would be lowered from 20% to 0%.

Furthermore, AFL has continued to issue debt securities under its ECP programme in order to enhance the management of its cash reserves.

b. Credit origination since June 30, 2024

As of August 31, 2024, AFL's medium- and long-term loan production was €831 million, confirming its steady and solid growth.

c. Capital increase

A further capital increase was carried out by the Board of Directors of AFL-ST on September 25, 2024 to allow new local authorities to gain membership. This brought the number of capital increases carried out by the AFL since its creation to 41. Meanwhile, AFL's Executive Board completed a capital increase at AFL level.

d. Fitch rating

On September 4, 2024, AFL published the credit ratings assigned by Fitch Ratings: AA- (stable outlook) for mid-and long-term debt and F1+ (stable outlook) for short-term debt.
At the same time, for purposes of methodology, Moody's was asked to delete all ratings and assessments it had completed on AFL.

7. Certification of the half-year financial report for the six-month period ended June 30, 2024

I, the undersigned, Thiébaut Julin, acting as Chief Executive Officer, member of the Management Board, and Chief Financial Officer of Agence France Locale, certify that, to my knowledge, the financial statements for the six-month period have been prepared in accordance with the applicable accounting standards and are an accurate reflection of the assets, financial position, and net income of the Company and all of the companies included in the scope of consolidation, and that the half-year activity report included in this half-year report presents a true picture of the events that have occurred in the first six months of the year and their impact on the financial statements, and describes the principal risks and uncertainties for the remaining six months of the financial year.

Lyon, September 25, 2024

Mr Thiébaut Julin

Chief Executive Officer, member of the Management Board, and Chief Financial Officer of Agence France Locale

HALF-YEAR FINANCIAL STATEMENTS

1. Half-year financial statements prepared according to French GAAP

AGENCE FRANCE LOCALE

BALANCE SHEET

Assets as of 30th of June 2024

(€ '000s)	Notes	30/06/2024	31/12/2023
Cash and central banks	2	818,886	975,186
Government paper and similar securities	1	1,008,859	864,211
Receivables on credit institutions	2	168,687	71,409
Loans and advances to customers	4	7,298,951	7,012,279
Bonds and other fixed income securities	1	165,122	108,260
Equities and other variable income securities			
Investments in non-consolidated companies and other long-term investments			
Investments in consolidated companies		12,500	
Intangible assets	5	2,598	2,937
Property, plant and equipment	5	224	208
Other assets	6	73,779	104,783
Accruals	6	179,277	182,785
TOTAL ASSETS		**9,728,883**	**9,322,058**

Liabilities as of 30th of June 2024

(€ '000s)	Notes	30/06/2024	31/12/2023
Central banks			
Due to banks	3	0.005	0.004
Customer borrowings and deposits			
Debt securities	7	9,222,805	8,787,722
Other liabilities	8	104,348	137,546
Accruals	8	172,342	188,349
Provisions	9	114	114
Subordinated debt			
General banking risk fund (GBRF)			
Equity (excluding GBRF)	10	**229,275**	**208,328**
Share capital		225,869	221,700
Additional paid-in capital			
Reserves and retained earnings			
Revaluation differences			
Regulated provisions and investment subsidies			
Retained earnings (+/-)			(20,905)
Net income for the period (+/-)		3,405	7,534
TOTAL LIABILITIES		**9,728,883**	**9,322,058**

INCOME STATEMENT

(€ '000s)	Notes	30/06/2024	30/06/2023	31/12/2023
+ Interest and similar income	12	236,458	135,138	335,773
- Interest and similar expenses	12	(224,979)	(122,308)	(311,745)
+ Income from variable income securities				
+ Fee and commission income	13	287	76	274
- Fee and commission expenses	13	(108)	(118)	(176)
+/- Net gains (losses) on held for trading portfolio	14	32	3,908	5,623
+/- Net gains (losses) on placement portfolio	14	(27)	(3,233)	(6,180)
+ Other banking income	15			
- Other banking expense	15			
NET BANKING INCOME		**11,663**	**13,464**	**23,570**
- General operating expenses	16	(7,249)	(7,693)	(14,438)
+ Other operating income				
- Depreciation and amortization	5	(594)	(587)	(1,191)
GROSS OPERATING INCOME		**3,821**	**5,184**	**7,941**
- Cost of risk				
OPERATING INCOME		**3,821**	**5,184**	**7,941**
+/- Net gains (losses) on fixed assets	17		(1)	(1)
PRE-TAX INCOME ON ORDINARY ACTIVITIES		**3,821**	**5,183**	**7,940**
+/- Net extraordinary items				
- Income tax charge		(415)	**(230)**	(406)
+/- Net allocation to FGBR and regulated provisions				
NET INCOME		**3,405**	**4,953**	**7,534**
Basic earnings per share		1.42	2.31	3.40

OFF-BALANCE SHEET

(€ '000s)

COMMITMENTS GIVEN AND RECEIVED	Notes	30/06/2024	31/12/2023
Commitments given		**1,027,073**	**893,312**
Financing commitments		960,521	832,095
Guarantee commitments		66,552	61,217
Commitments on securities			
Commitments received		**1,759**	**1,827**
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments		1,759	1,827
Commitments on securities			
Derivatives	11	**17,506,696**	**16,666,699**

NOTES TO THE HALF YEAR INDIVIDUAL ACCOUNTS

I - Publication context

The half year 2024 financial statements were approved by the Executive Board on September 10, 2024.

II - Highlights from the first half year

The production of medium and long-term loans carried out by the AFL in the first half of 2024 amounted to €622 million compared to €525 million in the first half of 2023. This new increase in the volume of production from one year to the next is explained by two phenomena: the regular increase in the number of local authorities Members of the AFL Group, and the maintenance of good investment dynamics by French local authorities.

In January 2024, a syndicated issue of €750 million at 10 years was successfully completed. As part of its diversification strategy, AFL carried out for the first time an issue denominated in Swiss francs, for an amount of €110 million at 10 years, then a new issue denominated in pounds sterling, for an amount of €250 million at 3 years. These two transactions were carried out under good conditions, thus helping to improve AFL's resource mix and strengthen its image among the investment community. Finally, AFL continued its fundraising in the form of private placements, including the issue of 6 transactions repayable early, on a contractually fixed date, for a total of €221 million, with the main characteristic being a significant cost advantage.

During the first half of 2024, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €17.5 million as part of two capital increases, thereby increasing AFL's share capital from €221.7 million on January 1, 2024 to €225.9 million on June 30, 2024. The AFL Group now has 878 members. On June 27, 2024, AFL carried out a capital reduction by reducing the nominal value of its shares in order to clear its retained earnings.

In the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This is a building that is currently being fully renovated and is of very high environmental quality. It will house AFL's headquarters from 2026.

The first half of 2024 marks a decline in the net interest margin (NIM), to €11,479K compared to €12,830K on June 30, 2023, a level which had then benefited, firstly, from an abnormal fixing of the 3-month Euribor index on March 20, 2023, secondly, from the increase in the remuneration of variable rate assets replacing equity, and finally, from better remuneration of liquidity reserve deposits. In addition to interest income, there are commitment and non-use fees on cash lines amounting to €287K, compared to €76K in the first half of 2023, and capital gains on the sale of investment securities of €282K, after taking into account the result of the cessation of securities hedging relationships, compared to €450K in the first half of 2023, and finally social depreciation on investment securities amounting to €277K.

This results in net banking income of €11,663K as of June 30, 2024 compared to €13,464K as of June 30, 2023.

As of June 30, 2024, interest income breaks down as follows:

▪ €160.5 million in net interest income from hedging instruments, on outstanding loans for the first half of 2024, compared to €85.4 million in the first half of 2023. This strong increase in interest income from one period to the next is explained by the significant increase in the volume of loans as well as by the change in short-term interest rates.

▪ €57.3 million in net interest income from hedging instruments, on the assets of the liquidity reserve and collateral management for the first half of 2024, compared to €36.7 million in interest expenses in the first half of 2023. This change is mainly explained by the increase in interest rates over the period, while the outstanding amount of the liquidity reserve remained relatively stable.

▪ €206.4 million in net interest charges on hedging instruments, on the outstanding debts that AFL carries on its balance sheet, compared to €109.3 million in interest income in the first half of 2023. This near doubling of debt interest is also explained by the combined effect of the increase in the volume of debt and the rise in short-term interest rates from one period to the next.

During the period, the liquidity reserve portfolio management generated €282K in income from sales of investment securities, net of the cancellation of interest rate hedging instruments for the securities that were sold. For comparison, portfolio management generated a net amount of capital gains from sales of €450K in the first half of 2023.

After taking into account the allocation of provisions for depreciation on investment securities of €277K, the stock of depreciation amounts to €5,309K as of June 30, 2024, which represents 0.45% of the net book value of the securities concerned compared to 0.52% as of December 31, 2023.

As of June 30, 2024, general operating expenses, once re-invoicing and transfers of administrative expenses have been deducted, represented €7,249K compared to €7,693K as of June 30, 2023. They account for €3,534K in personnel expenses compared to €3,437K for the first half of the previous financial year, and €3,715K for administrative expenses after transfers and re-invoicing to Société Territoriale, compared to €4,256K for the first half of 2023. This reduction of €541K in administrative expenses is mainly explained by the decrease in taxes and duties, including contributions to banking regulatory bodies, which represented €37K as of June 30, 2024 while they amounted to €1,295K in the first half of 2023, due to the disappearance of the contribution to the FRU (Fonds de Résolution Unique). This represented €1,258K in 2023. Excluding taxes and duties, administrative expenses increased by €575K. This increase comes from the increase in consulting fees, legal fees and IT royalties.

The result as of June 30, 2024 takes into account depreciation charges which amount to €594K as of June 30, 2024 compared to €587K as of June 30, 2023. This increase underlines the AFL's maintenance of a stable investment program from one financial year to the next, mainly focusing on the development of its information systems.

After depreciation and amortization, gross operating income as of June 30, 2024 stands at €3,821K compared to €5,184K for the first half of 2023. After taking into account corporate tax of €415K compared to €230K in the first half of 2023, AFL's net income as of June 30, 2024 shows a net profit of €3,405K compared to €4,953K as of June 30, 2023.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2024 after the accounts closure date has to be reported.

III - Accounting principles and valuation methods

Agence's financial statements have been prepared in accordance with accounting principles applyed in France by BanKs.

Presentation format

Agence's financial statements are presented in accordance with ANC (Autorité des normes comptables) Regulation N° 2014-07 of 26 November 2014 related to the annual accounts for the banking sector.

Preparation basis

The general accounting conventions have been applied, in accordance with the basic assumptions :

• Ongoing concern principle,
• Segregation of accounting periods,
• Consistency of methods.

And with the general rules for preparing and presenting annual financial statements.

The accounting principles and methods applied in drawing up these half-yearly financial statements are identical to those applied at 31 December 2023.

Identity of the parent company consolidating the accounts of the Agence as of June 30, 2024

Agence France Locale – Société Territoriale
41, quai d'Orsay 75 007 Paris

IV - Notes to the Balance Sheet

Note 1 - PORTFOLIO

(€ '000s)

30/06/2024	Government paper and similar securities	Bonds and other fixed income securities	Equities and other variable income securities	Total
Fixed or variable income securities				
Listed securities	1,008,566	164,405		1,172,971
Unlisted securities				-
Accrued interest	5,032	1,287		6,318
Impairment	(4,740)	(569)		(5,309)
Net carrying amount	**1,008,859**	**165,122**	**-**	**1,173,981**
Residual net Premium/Discount	(10,432)	685		(9,747)

31/12/2023	Government paper and similar securities	Bonds and other fixed income securities	Equities and other variable income securities	Total
Fixed or variable income securities				
Listed securities	861,390	108,468		969,857
Unlisted securities				-
Accrued interest	6,853	792		7,645
Impairment	(4,031)	(1,000)		(5,032)
Net carrying amount	**864,211**	**108,260**	**-**	**972,471**
Residual net Premium/Discount	818	1,603		2,421

Government paper and similar securities: analysis by residual maturity

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2024	Total 31/12/2023
Government paper and similar securities								
Net amount	18,097	98,451	427,208	460,070	1,003,827	5,032	1,008,859	864,211
NET CARRYING AMOUNT	**18,097**	**98,451**	**427,208**	**460,070**	**1,003,827**	**5,032**	**1,008,859**	**864,211**
Bonds and other fixed income securities								
Net amount	-	5,815	148,840	9,180	163,835	1,287	165,122	108,260
NET CARRYING AMOUNT	**-**	**5,815**	**148,840**	**9,180**	**163,835**	**1,287**	**165,122**	**108,260**

Analysis by type of portfolio

Portfolio *(€ '000s)*	Gross amount 31/12/2023	Additions	Disposals	Transfers and other movements	Prem/Disc Amort.	Change in accrued interest	Impairment	Total 30/06/2024	Unrealized gains/(losses)
Transaction									
Held-for-sale	627,143	359,253	(251,167)	(3,074)	898	(858)	(341)	731,853	(46,666)
Investment	345,328	118,853	(22,488)	515	325	(468)	63	442,128	(18,471)
NET CARRYING AMOUNT	**972,471**	**478,106**	**(273,656)**	**(2,559)**	**1,223**	**(1,326)**	**(277)**	**1,173,981**	**(65,138)**
Of which Premium/Discount	2,421	(14,909)	1,578	(60)	1,223			(9,747)	

Note 2 -RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2024	31/12/2023
Mandatory reserve deposits with central banks	818,886	975,186
Other deposits		
Cash and central banks	**818,886**	**975,186**

Receivables on credit institutions

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2024	Total 31/12/2023
Credit institutions								
Loans and receivables								
- demand	107,786				107,786	344	108,130	10,836
- time	60,000				60,000	558	60,558	60,572
Securities bought under repurchase agreements								
TOTAL	**167,786**	**-**	**-**	**-**	**167,786**	**902**	**168,687**	**71,409**
Impairment								
NET CARRYING AMOUNT	**167,786**	**-**	**-**	**-**	**167,786**	**902**	**168,687**	**71,409**

Note 3 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2024	Total 31/12/2023
Credit institutions								
Accounts and Overdrafts								
- demand	0.005				0.005		0.005	0.004
- time								
Securities sold under repurchase agreements								
TOTAL	**0.005**	**-**	**-**	**-**	**0.005**	**-**	**0.005**	**0.004**

Note 4 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2024	31/12/2023
Short-term credit facilities	109,097	79,647
Other loans	7,189,854	6,932,632
Customers transactions before impairment charges	**7,298,951**	**7,012,279**
Impairment		
Net carrying amount	**7,298,951**	**7,012,279**
Of which related receivables	19,405	19,055
Of which gross doubtful receivables		
Of which gross non-performing doubtful receivables		

Doubtful loans correspond to a default for at least 90 days unpaid loans and by contagion to all of the outstanding amounts of counterparties in default. Although classified as doubtful loans, these loans have not been subject to impairment. Impairments are established on the basis of the recoverable amount of the receivable, i.e. the present value of the estimated future flows recoverable. However, on the closing date, the AFL intends to recover all of its debts as well as the interest attached to them.

Analysis by residual maturity excluding accrued interest

(€ '000s)	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2024
Loans and advances to customers	98,644	177,832	170,399	2,104,896	4,727,776	**7,279,547**	**19,405**	**7,298,951**

Note 5 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible assets	31/12/2023	Additions	Transfers	Disposals	Amort.	Impairments	Other movements	30/06/2024
Intangible assets	**14,977**	**219**					**134**	**15,330**
Start-up costs	-							-
IT development costs	14,814	219					134	15,167
Web site	163							163
Software	-							-
Intangible assets in progress	**139**						**(134)**	**5**
Intangible assets amortisation	**(12,179)**				**(558)**			**(12,737)**
Net carrying amount	**2,937**	**219**			**(558)**			**2,598**

Property, plant & equipment	31/12/2023							30/06/2024
Property, plant & equipment	490	51						541
Tangible assets in progress	-							-
Tangible assets amortization	(282)				(35)			(317)
Net carrying amount	**208**	**51**			**(35)**			**224**

Note 6 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2024	31/12/2023
Other assets		
Cash collateral paid	71,994	104,237
Other assets	1,784	546
Impairment		
Net carrying amount	**73,779**	**104,783**
Accruals		
Deferred charges on bond issues	67,412	69,421
Deferred charges on hedging transactions	37,887	31,124
Prepaid charges	748	257
Accrued interest not yet due on hedging transactions	56,241	75,208
Other deferred income	88	
Other accruals	16,902	6,776
TOTAL	**179,277**	**182,785**

Note 7 - DEBT SECURITIES

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2024	Total 31/12/2023
Negotiable debt securities	245,000				245,000		245,000	389,053
Bonds		706,672	3,068,332	5,164,987	8,939,991	37,814	8,977,805	8,398,669
Other debt securities					-		-	-
TOTAL	**245,000**	**706,672**	**3,068,332**	**5,164,987**	**9,184,991**	**37,814**	**9,222,805**	**8,787,722**

Note 8 - OTHER LIABILITIES and ACCRUALS

(€ '000s)	30/06/2024	31/12/2023
Other liabilities		
Cash collateral received	101,115	133,307
Miscellaneous creditors	3,232	4,239
TOTAL	**104,348**	**137,546**
Accruals		
Transaction to pay and settlement accounts	280	290
Premium EMTN issue	21,608	24,842
Unrealised gains on hedging instruments	86,078	88,553
Unearned income	477	484
Accrued expenses on hedging instruments	40,485	38,556
Other accrued expenses		
Other accruals	23,414	35,623
TOTAL	**172,342**	**188,349**

Note 9 - PROVISIONS

(€ '000s)	Balance as of 31/12/2023	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2024
Provisions						
Financing commitment execution risks						
Provisions for employee retirement and similar benefits	114	-	-	-	-	114
Provisions for other liabilities to employees						
Other provisions						
TOTAL	**114**	**-**	**-**	**-**	**-**	**114**

Note 10 - CHANGES IN EQUITY

(€ '000s)	**Share capital**	**Legal reserve**	**Share premiums**	**Statutory reserve**	**Translation, revaluation**	**Translation, revaluation subsidies**	**Retained earnings**	**Net income**	**Total equity**
Balance as of 31/12/2022	**207,600**	**-**	**-**	**-**	**-**	**-**	**(21,254)**	**348**	**186,695**
Change in share capital	14,100								14,100
Change in share premium and reserves									
Allocation of 2022 net profit							348	(348)	
Net income as of 31/12/2023								7,534	7,534
Other changes									
Balance as of 31/12/2023	**221,700**	**-**	**-**	**-**	**-**	**-**	**(20,905)**	**7,534**	**208,328**
Dividend paid for 2023									
Change in share capital	17,541 [1]								17,541
Change in share premium and reserves									
Allocation of 2023 net profit							7,534	(7,534)	
Net income as of 30/06/2024								3,405	3,405
Other changes	(13,372) [2]						13,372		
Balance as of 30/06/2024	**225,869**	**-**	**-**	**-**	**-**	**-**		**3,405**	**229,275**

(1) The share capital of Agence France Locale which amounts on 30 of June, 2024 to € 225,869,317.15 consists of 2,397,315 shares. The Company carried out two capital increases during the first year-half 2024 subscribed on 14th March for € 9,550K and on 28th June 2024 for €7,991K.
(2) On June 27, 2024, the Agency proceeded with a capital reduction by decreasing the nominal value of its shares from €100 to €94.2176, thus leading to a decrease in share capital by €13,372K. This reduction of €13,372K allowed for the absorption of the retained earnings deficit recorded in the accounts following the decisions of the General Assembly on June 27, 2024.

Note 11 - DERIVATIVES

Outstanding notional and Fair value

(€ '000s)	30/06/2024				31/12/2023			
	Hedging transactions		Others than Hedging transactions		Hedging transactions		Others than Hedging transactions	
	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value
FIRM TRANSACTIONS	**17,108,296**	**31,541**	**398,400**	**24**	**16,113,299**	**29,864**	**553,400**	**155**
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	**17,108,296**	**31,541**	**398,400**	**24**	**16,113,299**	**29,864**	**553,400**	**155**
Interest rate contracts	15,443,048	98,194	398,400	24	14,904,038	136,197	553,400	155
FRA								
Cross Currency Swaps	1,665,248	(66,654)			1,209,261	(106,333)		
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Exchange rate options								
Other options								
Over-the-counter markets	-	-	-	-	-	-	-	-
Caps, floors								
Foreign currency option								
Crédit derivatives								
Other options								

Amount of micro-hedge transaction as of 30/06/2024	15,737,165	(€ '000s)
Amount of macro-hedge transaction as of 30/06/2024	1,371,130	(€ '000s)
Amount of trading transaction as of 30/06/2024	398,400	(€ '000s)

Notional amount by maturity

(€ '000s)	30/06/2024					
	Hedging transactions			Others than Hedging transactions		
	Less than 1 year	1 year to 5 years	more than 5 years	Less than 1 year	1 year to 5 years	more than 5 years
FIRM TRANSACTIONS	**2,046,301**	**4,141,734**	**10,920,261**	**162,400**	**176,000**	**60,000**
Organised markets	-	-	-	-	-	-
Interest rate contracts						
Other contracts						
Over-the-counter markets	**2,046,301**	**4,141,734**	**10,920,261**	**162,400**	**176,000**	**60,000**
Interest rate contracts	1,321,527	3,761,545	10,359,977	162,400	176,000	60,000
FRA						
Cross Currency Swaps	724,775	380,189	560,284			
Other contracts						
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-
Exchange rate options						
Other options						
Over-the-counter markets	-	-	-	-	-	-
Caps, floors						
Foreign currency option						
Crédit derivatives						
Other options						

Derivatives classified as financial assets held for transaction purposes do not constitute interest rate positions taken with a view to drawing short-term profits. They are investment portfolio fair value hedging derivatives in a fixed-rate borrower position which have been neutralised by fixed-rate lender derivatives. These contracts, concluded in a clearing house, present positions which are rigorously symmetric in terms of rates and maturities. These financial assets and liabilities, although they are the object of a framework netting agreement, are presented as assets and liabilities because future cash flows payable and receivable differ in the amount of the fixed-rate coupon payable and receivable. The positions presented in the table above do not entail any kind of residual interest rate risk.

V - Notes to the Income statement

Note 12 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Interest and similar income	**236,458**	**135,138**	**335,773**
Due from banks	35,683	23,499	50,144
Due from customers	148,166	78,371	202,606
Bonds and other fixed income securities	23,646	14,458	37,575
from Held-for-sale securities	*15,818*	*10,144*	*26,804*
from Investment securities	*7,829*	*4,314*	*10,771*
Debt securities			
Macro-hedge transactions	23,380	13,149	33,616
Other interest income	5,583	5,661	11,833
Interest and similar expenses	**(224,979)**	**(122,308)**	**(311,745)**
Due to banks	(1,983)	(1,265)	(3,215)
Bonds and other fixed income securities			
from Held-for-sale securities			
from Investment securities			
Debt securities	(206,389)	(109,272)	(282,024)
Macro-hedge transactions	(11,033)	(6,086)	(14,656)
Other interest expenses	(5,574)	(5,684)	(11,850)
Interest margin	**11,479**	**12,830**	**24,028**

Note 13 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Commission income	**287**	**76**	**274**
Interbank transactions			
Customer transactions	287	76	274
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee			
Other commissions recieved			
Commission expenses	**(108)**	**(118)**	**(176)**
Interbank transactions	(25)	(43)	(22)
Securities transactions			
Forward financial instruments transactions	(83)	(75)	(154)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net fee and commission income	**179**	**(42)**	**98**

Note 14 - ANALYSIS OF GAINS AND LOSSES ON PORTFOLIO TRANSACTIONS

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains/(losses) on Trading book			
Gains/(losses) on forward financial instruments	31	3,898	5,613
Gains/(losses) on foreign currency transactions	1	11	11
Gains or (losses) on trading portfolio	**32**	**3,908**	**5,623**
Gains/(losses) from disposal of held-for-sale securities	251	(3,448)	(5,073)
Other income/(expenses) from held-for-sale securities			
Impairment (charges) and reversals on held-for-sale securities	(277)	215	(1,107)
Gains or (losses) on held-for-sale portfolio	**(27)**	**(3,233)**	**(6,180)**

Note 15 - OTHER BANKING INCOME

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Capital gains on loan disposals			
Other banking income			
Other banking income	**-**	**-**	**-**
Capital losses on loan disposals			
Other banking expense			
Other banking expense	**-**	**-**	**-**
TOTAL	**-**	**-**	**-**

Note 16 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Employee expenses			
Wages and salaries	2,311	2,220	4,802
Post-employment benefit expenses	225	210	451
Other expenses	998	1,007	2,097
Total Employee expenses	**3,534**	**3,437**	**7,351**
Operating expenses			
Taxes and duties	279	1,395	1,364
External services	4,716	4,218	7,418
Total Administrative expenses	**4,994**	**5,613**	**8,783**
Charge-backs and reclassification of administrative expenses	(1,279)	(1,357)	(1,696)
Total General operating expenses	**7,249**	**7,693**	**14,438**

Note 17 - +/- NET GAINS (LOSSES) ON FIXED ASSETS

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains on sales of Investment securities			
Gains on sales of tangible or intangible assets			
Reversal of impairment			
Total Gains on fixed assets	**-**	**-**	**-**
Losses on sales of Investment securities			
Losses on sales of tangible or intangible assets		(1)	(1)
Charge of impairment			
Total Losses on fixed assets	**-**	**(1)**	**(1)**
TOTAL	**-**	**(1)**	**(1)**

Note 18 - INCOME TAX CHARGE

The standard method for current tax has been chosen for report individual accounts.
Tax losses amounting to €10.3m at 2024 half-year closing were not recognised as deferred tax assets.

Note 19 - RELATED PARTIES

There are, on 30 June 2024, there were two agreement of administrative services with Société Territoriale and SO-Foncière, the new subsidiary, and a licensing for the use of a mark, as well as a professional lease, which were concluded which have been concluded between Agence France Locale - Société térritoriale at normal market conditions.

2. Half-year financial statements prepared according to IFRS

AGENCE FRANCE LOCALE Consolidated accounts (IFRS GAAP)

BALANCE SHEET

Assets as of June 30, 2024

(€ '000s)	Notes	30/06/2024	31/12/2023
Cash, central banks	5	818,835	975,130
Financial assets at fair value through profit or loss	1	11,120	13,374
Hedging derivative instruments	2	717,168	705,064
Financial assets at fair value through other comprehensive income	3	689,953	591,496
Securities at amortized cost	4	424,967	329,201
Loans and receivables due from credit institutions and similar items at amortized cost	5	240,345	175,293
Loans and receivables due from customers at amortized cost	6	6,815,449	6,576,479
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			
Deferred tax assets	7	3,826	4,609
Accruals and other assets	8	8,902	1,480
Intangible assets	9	1,726	1,980
Property, plant and equipment	9	7,942	961
Goodwill			
TOTAL ASSETS		**9,740,233**	**9,375,067**

Liabilities as of June 30, 2024

(€ '000s)	Notes	30/06/2024	31/12/2023
Central banks			
Financial liabilities at fair value through profit or loss	1	11,096	13,219
Hedging derivative instruments	2	685,488	670,607
Debt securities	10	8,613,470	8,262,191
Due to credit institutions	11	101,115	133,307
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		94,864	81,770
Current tax liabilities		415	
Deferred tax liabilities	7	392	387
Accruals and other liabilities	12	3,984	5,312
Provisions	13	145	139
Equity		**229,264**	**208,136**
Equity, Group share		**229,264**	**208,136**
Share capital and reserves		225,869	221,700
Consolidated reserves		3,858	(15,252)
Gains and losses recognised directly in equity		(2,420)	(4,051)
Profit (loss) for the period		1,957	5,738
Non-controlling interests			
TOTAL LIABILITIES		**9,740,233**	**9,375,067**

Income statement

(€ '000s)	Notes	30/06/2024	30/06/2023	31/12/2023
Interest and similar income	14	236,472	135,185	335,866
Interest and similar expenses	14	(224,980)	(122,309)	(311,748)
Fee & Commission Income	15	287	76	274
Fee & Commission Expense	15	(108)	(118)	(176)
Net gains (losses) on financial instruments at fair value through profit or loss	16	(1,227)	2,733	4,071
Net gains or losses on financial instruments at fair value through other comprehensive income	17	251	(3,448)	(5,073)
Net gains and losses on derecognition of financial assets at amortised cost	18			
Income on other activities				
Expenses on other activities				
NET BANKING INCOME		**10,694**	**12,119**	**23,213**
Operating expenses	19	(7,213)	(7,769)	(14,513)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(578)	(484)	(1,081)
GROSS OPERATING INCOME		**2,903**	**3,866**	**7,619**
Cost of risk	20	(255)	(71)	117
OPERATING INCOME		**2,648**	**3,795**	**7,737**
Net gains and losses on other assets	21		(0.1)	0.1
INCOME BEFORE TAX		**2,648**	**3,795**	**7,737**
Income tax	22	(691)	(957)	(1,999)
NET INCOME		**1,957**	**2,838**	**5,738**
Non-controlling interests				
NET INCOME GROUP SHARE		**1,957**	**2,838**	**5,738**
Basic earnings per share (in EUR)		0.82	1.33	2.59
Diluted earnings per share (in EUR)		0.82	1.33	2.59

Net income and other comprehensive income

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Net income	**1,957**	**2,838**	**5,738**
Items will be reclassified subsequently to profit or loss	**(105)**	**222**	**(1,577)**
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	(173)	285	(2,064)
Other items recognized through other comprehensive income recyclable to income			
Related taxes	67	(63)	487
Elements not recyclable in profit or loss	**1,736**	**(1,953)**	**2,542**
Revaluation in respect of defined benefit plans			
Revaluation of financial assets at fair value through to equity	2,314	(2,604)	3,389
Other items recognized through other comprehensive income not recyclable to income			
Related taxes	(579)	651	(847)
Total gains and losses recognized directly in equity	**1,630**	**(1,730)**	**965**
COMPREHENSIVE INCOME	**3,587**	**1,108**	**6,703**

Consolidated statement of changes in equity

(€ '000s)	Capital	Associated reserves to capital	Consolidated reserves	Gains and losses recognized directly in comprehensive income				Net income, Group share	Share-holders' equity - Group share	Share-holders'equity, non-controlling interests	Total share-holders equity
				Recyclable		Not recyclable					
				Net change in fair value of Financial assets at fair value through other comprehensive income, after tax	Net change in fair value of cash flow hedging derivatives, after tax	Revaluation in respect of defined benefit plans	Other items recognized through other comprehensive income not recyclable to income				
Shareholders' equity at 1 january 2023	**207,600**	**-**	**(18,010)**	**(1,546)**	**-**	**-**	**(3,470)**	**2,758**	**187,333**	**-**	**187,333**
Increase in share capital	14,100								14,100		14,100
Elimination of treasury shares											
Allocation of profit 2022			2,758					(2,758)			
Dividends 2022 paid											
Sub-total of changes linked to transactions with shareholders	**14,100**	**-**	**2,758**	**-**	**-**	**-**	**-**	**(2,758)**	**14,100**	**-**	**14,100**
Changes in fair value through equity				(1,959)					(1,959)		(1,959)
Change in value of through profit or loss				(105)					(105)		(105)
Revaluation of financial assets at fair value through not recyclable equity							3,389		3,389		3,389
Changes in actuarial gains on retirement benefits											
Related taxes				487			(847)		(360)		(360)
Changes in gains and losses recognized directly in equity	**-**	**-**	**-**	**(1,577)**	**-**	**-**	**2,542**	**-**	**965**	**-**	**965**
2023 Net income								5,738	5,738		5,738
Sub-total	**-**	**-**	**-**	**(1,577)**	**-**	**-**	**2,542**	**5,738**	**6,703**	**-**	**6,703**
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 31 December 2023	**221,700**	**-**	**(15,252)**	**(3,123)**	**-**	**-**	**(928)**	**5,738**	**208,136**	**-**	**208,136**
Increase in share capital	17,541 [1]								17,541		17,541
Elimination of treasury shares											
Allocation of profit 2023			5,738					(5,738)			
Dividends 2023 paid											
Other changes	(13,372) [2]		13,372								
Sub-total of changes linked to transactions with shareholders	**4,169**	**-**	**19,110**	**-**	**-**	**-**	**-**	**(5,738)**	**17,541**	**-**	**17,541**
Changes in fair value through equity				(366)					(366)		(366)
Change in value of through profit or loss				194					194		194
Revaluation of financial assets at fair value through not recyclable equity							2,314		2,314		2,314
Changes in actuarial gains on retirement benefits											
Related taxes				67			(579)		(511)		(511)
Changes in gains and losses recognized directly in equity	**-**	**-**	**-**	**(105)**	**-**	**-**	**1,736**	**-**	**1,630**	**-**	**1,630**
30 June 2024 Net income								1,957	1,957		1,957
Sub-total	**-**	**-**	**-**	**(105)**	**-**	**-**	**1,736**	**1,957**	**3,587**	**-**	**3,587**
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 30 June 2024	**225,869**	**-**	**3,858**	**(3,228)**	**-**	**-**	**808**	**1,957**	**229,264**	**-**	**229,264**

(1) The share capital of Agence France Locale which amounts on 30 of June, 2024 to € 225,869,317.15 consists of 2,397,315 shares. The Company carried out two capital increases during the first year-half 2024 subscribed on 14th March for € 9,550K and on 28th June 2024 for €7,991K.
(2) On June 27, 2024, the Agency proceeded with a capital reduction by decreasing the nominal value of its shares from €100 to €94.2176, thus leading to a decrease in share capital by €13,372k. This reduction of €13,372k allowed for the absorption of the retained earnings deficit recorded in the accounts following the decisions of the General Assembly on June 27, 2024.

Cash flow statement

(€ '000s)	30/06/2024	31/12/2023
Net income before taxes	**2,648**	**7,737**
+/- Net depreciation and amortisation of tangible and intangible non-current assets	578	1,081
+/- Net provisions and impairment charges	255	(117)
+/- Expense/income from investing activities	(10,831)	(4,878)
+/- Expense/income from financing activities	(33,713)	(46,776)
+/- Other non-cash items	26,617	(14,802)
= Non-monetary items included in net income before tax and other adjustments	**(17,093)**	**(65,492)**
+/- Cash from interbank operations		
+/- Cash from customer operations	(286,332)	(1,670,641)
+/- Cash from financing assets and liabilities	(20,707)	150,146
+/- Cash from not financing assets and liabilities	(2,632)	163
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(309,671)	(1,520,331)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	**(324,117)**	**(1,578,087)**
+/- Flows linked to financial assets and investments	(191,442)	115,606
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(12,736)	(737)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	**(204,178)**	**114,869**
+/- Cash from or for shareholders	17,541	14,100
+/- Other cash from financing activities	451,505	1,287,355
= CASH FLOW FROM FINANCING ACTIVITIES (C)	**469,046**	**1,301,455**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	**(59,249)**	**(161,763)**
Cash flow from operating activities (A)	(324,117)	(1,578,087)
Cash flow from investing activities (B)	(204,178)	114,869
Cash flow from financing activities (C)	469,046	1,301,455
Effect of changes in exchange rates on cash and cash equivalents (D)		
Cash and cash equivalents at the beginning of the period	**985,665**	**1,147,429**
Cash and balances with central banks (assets & liabilities)	974,861	1,134,476
Interbank accounts (assets & liabilities) and loans/deposits at sight	10,804	12,953
Cash and cash equivalents at the end of the period	**926,416**	**985,665**
Cash and balances with central banks (assets & liabilities)	818,630	974,861
Interbank accounts (assets & liabilities) and loans/deposits at sight	107,786	10,804
CHANGE IN NET CASH	**(59,249)**	**(161,763)**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

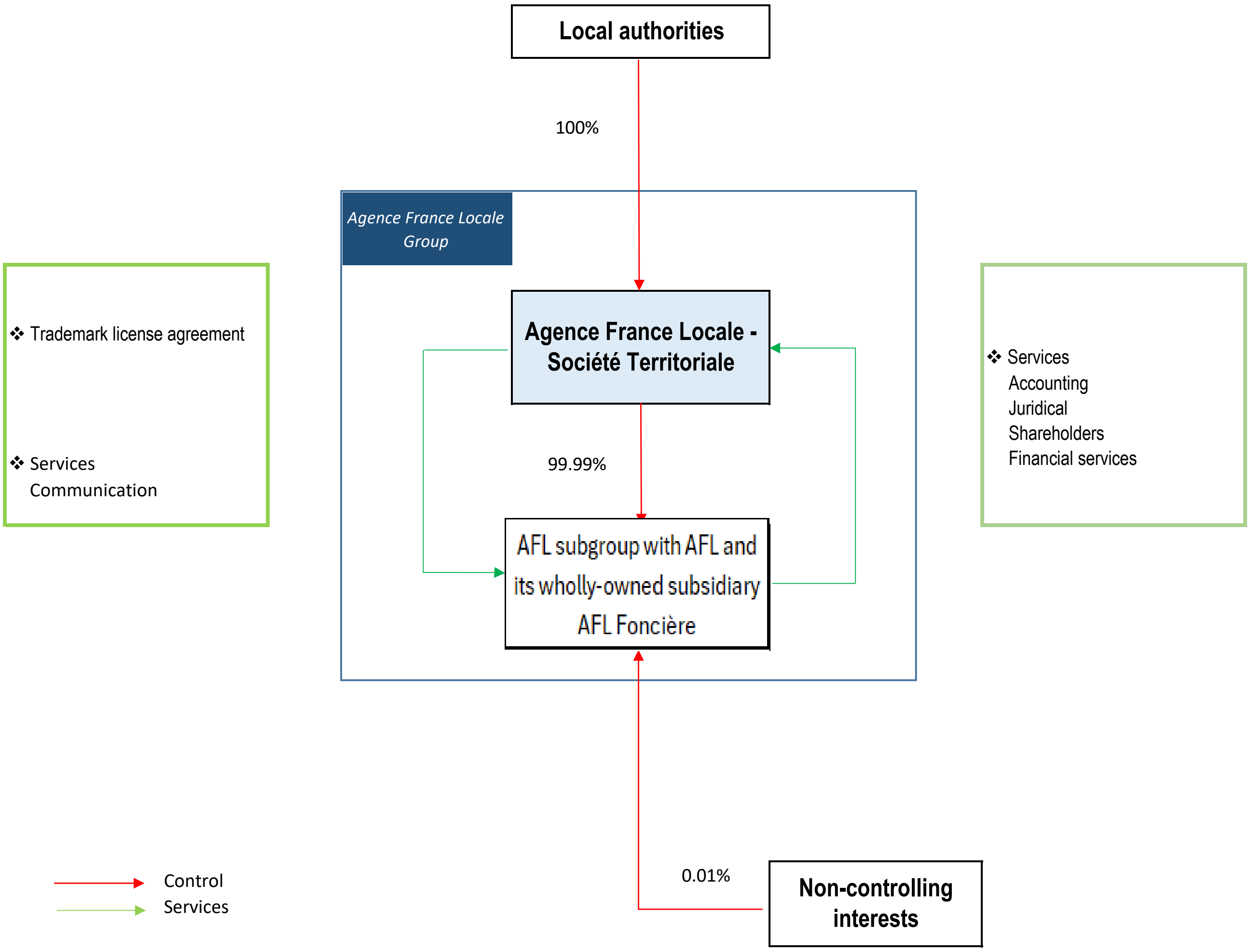
General framework

AFL (« Agence ») presentation

The AFL ("Agence") is the subsidiary of Agence France Locale - Société Territoriale ("AFL ST").

The AFL ST is a limited company with a Board of Directors whose shareholders are comprised exclusively of Communities that the membership of the Group AFL. The AFL ST is the parent company of the Agence. Agence is a limited company with an Executive Board and a Supervisory Board.

The diagram below shows the structure of the AFL group:



I - Publication context

The half year 2024 financial statements were approved by the Executive Board on September 10, 2024.

II - Highlights from the first half year

The production of medium and long-term loans carried out by the AFL in the first half of 2024 amounted to €622 million compared to €525 million in the first half of 2023. This new increase in the volume of production from one year to the next is explained by two phenomena: the regular increase in the number of local authorities Members of the AFL Group, and the maintenance of good investment dynamics by French local authorities.

In January 2024, a syndicated issue of €750 million at 10 years was successfully completed. As part of its diversification strategy, AFL carried out for the first time an issue denominated in Swiss francs, for an amount of €110 million at 10 years, then a new issue denominated in pounds sterling, for an amount of €250 million at 3 years. These two transactions were carried out under good conditions, thus helping to improve AFL's resource mix and strengthen its image among the investment community. Finally, AFL continued its fundraising in the form of private placements, including the issue of 6 transactions repayable early, on a contractually fixed date, for a total of €221 million, with the main characteristic being a significant cost advantage.

During the first half of 2024, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €17.5 million as part of two capital increases, thereby bringing AFL's share capital from €221.7 million on January 1, 2024 to €225.9 million on June 30, 2024. The AFL Group now has 878 members. On June 27, 2024, AFL carried out a capital reduction by reducing the nominal value of its shares in order to clear its retained earnings in its corporate accounts.

In the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This is a building that is currently being fully renovated and is of very high environmental quality. It will house AFL's headquarters from 2026.

The first half of 2024 marks a decline in the net interest margin (NIM), to €11,492K compared to €12,876K on June 30, 2023, a level which had then benefited, firstly, from an abnormal fixing of the 3-month Euribor index on March 20, 2023, secondly, from the increase in the remuneration of variable rate assets replacing equity, and finally, from better remuneration of liquidity reserve deposits. In addition to interest income, there are commitment and non-use fees on cash lines of €287K, compared to €76K in the first half of 2023, and capital gains on the sale of investment securities of €282K, after taking into account the result of the termination of securities hedging relationships, compared to €450K in the first half of 2023. Finally, the result of hedge accounting represents an expense of €1,230K compared to €2,708K as of June 30, 2023.

This results in net banking income of €10,694K as of June 30, 2024, compared to €12,119K as of June 30, 2023.

As of June 30, 2024, interest income breaks down as follows:

▪ €160.5 million in net interest income from hedging instruments, on outstanding loans for the first half of 2024, compared to €85.4 million in the first half of 2023. This strong increase in interest income from one period to the next is explained by the significant increase in the volume of loans as well as by the change in short-term interest rates.

▪ €57.4 million in net interest income from hedging instruments, on the assets of the liquidity reserve and collateral management for the first half of 2024, compared to €36.7 million in interest expenses in the first half of 2023. This change is mainly explained by the increase in interest rates over the period, while the outstanding amount of the liquidity reserve remained relatively stable.

▪ €206.4 million in net interest charges on hedging instruments, on the outstanding debts that AFL carries on its balance sheet, compared to €109.3 million in interest income in the first half of 2023. This near doubling of debt interest is also explained by the combined effect of the increase in the volume of debt and the rise in short-term interest rates from one period to the next.

During the period, the liquidity reserve portfolio management generated €282K in income from sales of investment securities, net of the cancellation of interest rate hedging instruments for the securities that were sold. For comparison, portfolio management generated a net amount of capital gains from sales of €450K in the first half of 2023.

As of June 30, 2024, the net result of hedge accounting amounts to -€1,230K compared to €2,708K as of June 30, 2023. It consists of two elements; on the one hand, proceeds from the termination of interest rate hedges related to the sales of securities mentioned above for €31K and on the other hand, the sum of the fair value differences of the hedged items and their hedging instruments for -€1,261K. Among these differences, -€428K relate to valuation differences on interest rate hedging instruments classified as macro-hedging, and -€833K relate to valuation differences on interest rate hedging instruments classified as micro-hedging and denominated in euros. Indeed, there remain, as hedging inefficiencies, latent valuation differences between the hedged items and the hedging instruments, one of the components of which comes from a market practice leading to a valuation asymmetry between, on the one hand, the hedging instruments collateralized daily and discounted on a €STR curve, and, on the other hand, the hedged items discounted on a Euribor curve. It should be noted that this is, however, a latent result.

As of June 30, 2024, general operating expenses represented €7,213K compared to €7,769K as of June 30, 2023. They account for €3,567K of personnel costs, compared to those of the first half of the previous financial year, which amounted to €3,429K. General operating expenses also include administrative expenses, which amount to €3,647K, after re-invoicing to Société Territoriale, compared to €4,340K as of June 30, 2023. This reduction in administrative expenses of €693K is mainly explained by the decrease in taxes and duties, including contributions to banking regulatory bodies, which represent €37K as of June 30, 2024, while they amounted to €1,295K in the first half of 2023, due to the disappearance of the 2024 contribution to the FRU (Fonds de Résolution Unique). This represented €1,258K in 2023. Excluding taxes and duties, administrative expenses increased by €423K. This increase comes from the increase in consulting fees, legal fees and IT royalties.

After depreciation and amortization, gross operating income as of June 30, 2024 stands at €2,903K compared to €3,866K for the first half of 2023.

The cost of risk relating to ex-ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 represents a charge of €255K in the first half of 2024 compared to impairments of €71K in the first half of 2023. This increase in the cost of risk comes mainly from the increase in outstanding amounts and partly from a deterioration in the assumptions used to construct macroeconomic scenarios by asset class in order to take into account an unfavorable change in macroeconomic and geostrategic risks. The stock of impairments stands at €1,413K as of June 30, 2024 compared to €1,347K as of June 30, 2023.

After the allocation of the cost of risk resulting from the application of IFRS 9, the operating result as of June 30, 2024, stands at €2,648K, compared to €3,795K as of June 30, 2023.

Finally, the tax charges for 2023 amount to €691K. They include:

• €415K of current tax charges;

• €276K of deferred tax charges, including €540K of charges related to the reduction of deferred tax assets, relating to the activation of previously constituted tax losses, and €264k of deferred tax income related to consolidation restatements, the majority of which come from hedging ineffectiveness charges.

After taking into account tax charges, net income as of June 30, 2024 amounts to €1,957K compared to €2,838K as of June 30, 2023.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2024 after the accounts closure date has to be reported.

III - Principles and methods applicable to AFL, judgments and estimates used

Agence France Locale has decided to publish voluntary financial statement according to IFRS standards. The accounting standards is constantly the French GAAP standards according to legislation applicable in France.

The condensed interim consolidated financial statements as of June 30, 2024 have been prepared and are presented in accordance with IAS 34 Interim Financial Reporting, which defines the minimum content of information, and which identifies the recognition and measurement principles to be applied to an interim financial report.

The preparation of financial statements requires the formulation of assumptions and estimates that involve uncertainties as to their realization in the future. These estimates using the information available at the closing date call for the exercise of judgment by managers and preparers, particularly when assessing the fair value of financial instruments.

Future achievements depend on many factors: fluctuations in interest and foreign exchange rates, the economic environment, changes in regulations or legislation, etc., which means that the final outcome of the transactions concerned may differ from these estimates and have an impact on the financial statements.

The valuation of financial instruments not listed on organized markets involves the use of models based on observable market data for most OTC instruments. The determination of the value of certain instruments, like loans that are not traded on an active market is based on valuation techniques which, in certain cases, rely on parameters that are deemed to be non-observable.

Information on the fair value of financial assets and liabilities carried at cost is disclosed in appendix.

Application of IFRS basis

In accordance with IFRS 1 "First-time Adoption of IFRS" and pursuant to European Regulation 1606/2002 of July 19, 2002, the financial statements for 2019 are presented in compliance with the IFRS (International Financial Reporting Standards) published by and as approved by the European Union and in force on that date. The IFRS framework includes IFRS standards and also include International Accounting Standards (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee) et SIC (Standing Interpretations Committee).

The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2017-02 of 2 June 2017 of the French Accounting Standards Authority (Autorité des normes comptables).

Standards, amendments and interpretations published by the IASB, the application of which is mandatory for years beginning on or after January 1, 2024

▪ Amendments to IFRS 16 “Leases – Lease Liability Arising from a Sale and Leaseback”: This amendment provides clarification on the subsequent measurement of sale and leaseback transactions when the initial sale of the asset meets the criteria in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale. In particular, this amendment clarifies how to subsequently measure the lease liability arising from such sale and leaseback transactions, consisting of variable rental payments that are not dependent on an index or rate.

▪ amendments to IAS 7 and IFRS 7 Supplier Financing Arrangements: published by the IASB in May 2023, adopted by the European Union on 15 May 2024 (EU Regulation No. 2024/1317) and immediately applicable to financial years beginning on or after 1 January 2024, these amendments specify the disclosure requirements in order to improve the current requirements, which aim to assist supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

These amendments had no impact on the AFL's financial statements.

IASB and IFRIC texts adopted by the European Union applicable in advance

AFL has decided not to apply the following standards in advance:

▪ amendments to IAS 21 “Effects of Changes in Foreign Exchange Rates”: these amendments specify the situations in which a currency is considered convertible, as well as the methods for measuring the exchange rate of a non-convertible currency. They also supplement the information to be communicated in the appendices to the financial statements when a currency is not convertible. The Group will not be affected by these amendments because it does not carry out transactions in non-convertible currencies.

▪ amendments to IAS 1 Presentation of Financial Statements: this amendment is immediately applicable to financial years beginning on or after 1 January 2024. These amendments specify the distinguishing criteria between current liabilities and non-current liabilities. These amendments have no impact on the Group’s consolidated financial statements since the Group presents its assets and liabilities in order of liquidity, like most credit institutions.

These amendments would have no impact on the AFL's financial statements.

IV - Accounting principles applied to the financial statements

The accounting policies applied by the Group in the condensed interim financial statements are identical to those used in the financial statements for the year ended December 31, 2023.

Scope of consolidation and control

During the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This new subsidiary is consolidated for the first time in the Group using the global integration method.

The AFL from the point of view of its consolidated accounts is organized as follows:

- The parent company of the Group is AFL
- AFL Foncière, an entity over which AFL exercises exclusive control, is consolidated using the global integration method

The AFL consolidated accounts constitute a level which is consolidated at the level of the AFL group whose parent company is AF-ST

V - Notes to the Balance Sheet

Note 1 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2024		31/12/2023	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	11,120	11,096	13,374	13,219
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	**11,120**	**11,096**	**13,374**	**13,219**

Financial assets held for trading

	30/06/2024		31/12/2023	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	11,120	11,096	13,374	13,219
Total Financial assets held for trading	**11,120**	**11,096**	**13,374**	**13,219**

	30/06/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	**199,200**	**199,200**	**11,120**	**11,096**	**276,700**	**276,700**	**13,374**	**13,219**
Organised markets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate contracts								
Other contracts								
Over-the-counter markets	**199,200**	**199,200**	**11,120**	**11,096**	**276,700**	**276,700**	**13,374**	**13,219**
Interest rate contracts	199,200	199,200	11,120	11,096	276,700	276,700	13,374	13,219
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Organised markets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Over-the-counter markets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Derivatives classified as financial assets held for transaction purposes do not constitute interest rate positions taken with a view to drawing short-term profits. They are investment portfolio fair value hedging derivatives in a fixed-rate borrower position which have been neutralised by fixed-rate lender derivatives. These contracts, concluded in a clearing house, present positions which are rigorously symmetric in terms of rates and maturities. These financial assets and liabilities, although they are the object of a framework netting agreement, are presented as assets and liabilities because future cash flows payable and receivable differ in the amount of the fixed-rate coupon payable and receivable. The positions presented in the table above do not entail any kind of residual interest rate risk, the fair value difference is only the result of payable or receivable cash flows.

Note 2 - HEDGING DERIVATIVES

Analysis by type of hedge

(€ '000s)	30/06/2024		31/12/2023	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as fair value hedges	600,119	655,840	593,493	636,719
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	117,049	29,647	111,571	33,888
Total Hedging derivatives	**717,168**	**685,488**	**705,064**	**670,607**

Detail of derivatives designated as fair value hedges

	30/06/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	**9,587,739**	**6,149,426**	**600,119**	**655,840**	**9,235,506**	**5,576,037**	**593,493**	**636,719**
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	**9,587,739**	**6,149,426**	**600,119**	**655,840**	**9,235,506**	**5,576,037**	**593,493**	**636,719**
Interest rate contracts	8,078,749	5,993,169	566,754	555,822	8,163,407	5,438,876	581,959	518,852
FRA								
Cross Currency Swaps	1,508,991	156,257	33,365	100,018	1,072,099	137,162	11,534	117,867
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

	30/06/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	**175,870**	**1,195,260**	**117,049**	**29,647**	**178,010**	**1,123,745**	**111,571**	**33,888**
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	**175,870**	**1,195,260**	**117,049**	**29,647**	**178,010**	**1,123,745**	**111,571**	**33,888**
Interest rate contracts	175,870	1,195,260	117,049	29,647	178,010	1,123,745	111,571	33,888
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

PORTFOLIO

Note 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2024	31/12/2023
Government paper and similar securities	538,084	495,891
Bonds	151,869	95,604
Other fixed income securities		
Net amount in balance sheet	**689,953**	**591,496**
Including depreciation	(510)	(413)
Including net unrealised gains and losses	(46,666)	(40,073)

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2023	**(413)**	**-**	**-**	**-**
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	**-**	**-**	**-**	**-**
Movement attributable to financial instruments recognized over the period	**(97)**	**-**	**-**	**-**
Acquisitions	(104)			
Re-estimate of parameters	(14)			
Bad debts written off				
On sales	21			
Expected losses as of 30th of June 2024	**(510)**	**-**	**-**	**-**

Fixed-income securities - Analysis by contreparty

(€ '000s)	30/06/2024	31/12/2023
Local public sector	452,996	409,455
Financial institutions and other financial corporations	235,960	182,041
Non-financial corporations	997	-
Net amount in balance sheet	**689,953**	**591,496**

Fixed income securities held on Financial institutions include €54,717K of securities guaranteed by States of the European Economic Area.

Changes in Financial assets at fair value through other comprehensive income

(€ '000s)	Total amount as of 31/12/2023	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 30/06/2024
Government paper and similar securities	495,891	272,143	(219,681)	(3,074)	(6,453)	(1,354)	611	538,084
Bonds	95,604	87,110	(31,397)		(230)	495	287	151,869
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	**591,496**	**359,253**	**(251,078)**	**(3,074)**	**(6,683)**	**(858)**	**898**	**689,953**

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2024	31/12/2023
Government paper and similar securities	417,917	322,052
Bonds	7,049	7,149
Other fixed income securities		
Net amount in balance sheet	**424,967**	**329,201**
Including expected credit losses on debt instruments	(440)	(326)

Expected credit losses on securities at amortized cost	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2023	**(326)**	**-**	**-**	**-**
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	**-**	**-**	**-**	**-**
Movement attributable to financial instruments recognized over the period	**(114)**	**-**	**-**	**-**
Acquisitions	(119)			
Re-estimate of parameters	(4)			
Bad debts written off				
On sales	9			
Expected losses as of 30th of June 2024	**(440)**	**-**	**-**	**-**

Fixed-income securities - Analysis by contreparty

(€ '000s)	30/06/2024	31/12/2023
Local public sector	226,280	175,107
Financial institutions and other financial corporations	193,775	154,093
Non-financial corporations	4,912	
Net amount in balance sheet	**424,967**	**329,201**

Fixed income securities held on Financial institutions include €166,169K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

(€ '000s)	Total amount as of 31/12/2023	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of 30/06/2024
Government paper and similar securities	322,052	118,853	(22,313)	561	(995)	(467)	342.1	(114)	417,917
Bonds	7,149	-	-	(46)	(36)	(1)	(17)	0.04	7,049
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	**329,201**	**118,853**	**(22,313)**	**515**	**(1,031)**	**(468)**	**325**	**(114)**	**424,967**

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2024	31/12/2023
Mandatory reserve deposits with central banks	818,886	975,186
Other deposits		
Cash and central banks	**818,886**	**975,186**
Impairment	(51)	(56)
Net amount in balance sheet	**818,835**	**975,130**

Receivables on credit institutions

(€ '000s)	30/06/2024	31/12/2023
Loans and receivables		
- on demand and short notice	108,130	10,836
- term	60,698	60,692
Cash collateral paid	71,541	103,784
Securities bought under repurchase agreements		
TOTAL	**240,369**	**175,312**
Impairment for expected losses	(24)	(19)
NET CARRYING AMOUNT	**240,345**	**175,293**

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2024	31/12/2023
Short-term credit facilities	109,097	79,647
Other loans	6,706,719	6,497,162
Customers transactions before impairment charges	**6,815,816**	**6,576,809**
Impairment	(368)	(329)
Net carrying amount	**6,815,449**	**6,576,479**
Of which individual impairment	(368)	(329)
Of which collective impairment		

Expected credit losses on loans and financing commitments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2023	**(309)**	**(96)**	**-**	**-**
Transfers from 12-month to maturity				
Transfers from maturity to 12-month	(8)	8		
Transfers from expected to incurred losses				
Total transfer movement	**(8)**	**8**	**-**	**-**
Movement attributable to financial instruments recognized over the period	**(48)**	**10**	**-**	**-**
Production and acquisition	(36)			
Re-estimate of parameters	(25)	10		
Bad debts written off				
Repayments	14	0.1		
Expected losses as of 30th of June 2024	**(364)**	**(78)**	**-**	**-**

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2023	Depreciation charges	Reversals amounts not used	Net charge	Utilised	30/06/2024
Financial assets at fair value through other comprehensive income						
Depreciations on performing assets	413	118	(21)	**97**		**510**
Depreciations on non-performing assets	-					**-**
Depreciations on doubtfull assets	-					**-**
Total	**413**	**118**	**(21)**	**97**		**510**
Financial assets at amortized cost						
Depreciations on performing assets	635	185	(15)	**170**		**805**
Depreciations on non-performing assets	95	(10)	(8)	**(18)**		**77**
Depreciations on doubtfull assets	-					**-**
Total	**730**	**175**	**(23)**	**152**		**882**

CLASSIFICATION OF FINANCIAL ASSETS BY RISK LEVEL

(€ '000s)	Gross amount			Depreciation			Net Amount
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	
Accounts with central banks	818,886			(51)			**818,835**
Financial assets at fair value through other comprehensive income	690,463			(510)			**689,953**
Securities at amortized cost	425,407			(440)			**424,967**
Loans and receivables due from credit institutions at amortized cost	240,369			(24)			**240,345**
Loans and receivables due from customers at amortized cost	6,737,772	78,044	-	(452)	84	-	**6,815,449**

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	30/06/2024	31/12/2023
Net asset as at 1st of january	**4,222**	**6,175**
Of which deferred tax assets	4,609	6,641
Of which deferred tax liabilities	387	467
Recognised in income statement	**(276)**	**(1,593)**
Income statement (charge) / credit	(276)	(1,593)
Recognised in equity	**(511)**	**(360)**
Financial assets at fair value through other comprehensive income	67	487
Cash flow hedges	(579)	(847)
Other		
Net asset as at	**3,435**	**4,222**
Of which deferred tax assets	3,826	4,609
Of which deferred tax liabilities	392	387

Deferred tax are attributable to the following items:

(€ '000s)	30/06/2024	31/12/2023
Financial assets at fair value through other comprehensive income	1,246	1,179
Cash flow hedges		309
Losses carried forward	2,580	3,121
Other temporary differences		
TOTAL DEFERRED TAX ASSETS	**3,826**	**4,609**

(€ '000s)	30/06/2024	31/12/2023
Financial assets at fair value through other comprehensive income		
Cash flow hedges	269	
Other temporary differences	123	387
TOTAL DEFERRED TAX LIABILITIES	**392**	**387**

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2024	31/12/2023
Other assets		
Deposits	5,877	453
Other assets	1,981	546
Impairment		
Total	**7,858**	**1,000**
Accruals		
Prepaid charges	748	257
Other deferred income	88	
Transaction to recieve and settlement accounts		
Other accruals	209	224
Total	**1,044**	**480**
TOTAL OTHER ASSETS AND ACCRUALS	**8,902**	**1,480**

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2023	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2024
Intangible fixed assets							
IT development costs	12,930	213				129	13,272
Other intangible assets	163						163
Intangible assets in progress	134	0				(129)	5
Intangible fixed assets gross amount	**13,227**	**213**	**-**	**-**	**-**	**-**	**13,440**
Depreciation and allowances - Intangible fixed assets	(11,247)				(468)		(11,714)
Intangible fixed assets net carrying amount	**1,980**	**213**	**-**	**-**	**(468)**	**-**	**1,726**

Tangible fixed assets	31/12/2023	Additions	Disposals	Amort. and provisions	Other	30/06/2024
Commercial leases	1,347					1,347
Property, plant & equipment	490	7,091				7,581
Tangible fixed assets gross amount	**1,837**	**7,091**	**-**	**-**	**-**	**8,928**
Depreciation and allowances - Tangible fixed assets	(875)			(110)		(985)
Tangible fixed assets net carrying amount	**961**	**7,091**	**-**	**(110)**	**-**	**7,942**

Note 10 - DEBT SECURITIES

(€ '000s)	30/06/2024	31/12/2023
Negotiable debt securities	243,771	385,077
Bonds	8,369,699	7,877,115
Other debt securities		
TOTAL	**8,613,470**	**8,262,191**

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	30/06/2024	31/12/2023
Loans and receivables		
- on demand and short notice	0.005	0.004
- term		
Cash collateral paid	101,115	133,307
Securities bought under repurchase agreements		
TOTAL	**101,115**	**133,307**

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)	30/06/2024	31/12/2023
Other liabilities		
Miscellaneous creditors	2,328	3,044
Total	**2,328**	**3,044**
Accruals		
Transaction to pay and settlement accounts	280	290
Other accrued expenses	1,349	1,950
Unearned income		
Other accruals	27	28
Total	**1,656**	**2,268**
TOTAL ACCRUALS AND OTHER LIABILITIES	**3,984**	**5,312**

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2023	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2024
Provisions						
Financing commitment execution risks	15	22		(16)		22
Provisions for litigations						
Provisions for employee retirement and similar benefits	124					124
Provisions for other liabilities to employees						
Other provisions						
TOTAL	**139**	**22**	**-**	**(16)**	**-**	**145**

OFF-BALANCE SHEET

(€ '000s)	30/06/2024	31/12/2023
Commitments given	**1,027,073**	**893,312**
Financing commitments	960,521	832,095
For credit institutions		
For customers	*960,521*	*832,095*
Guarantee commitments	66,552	61,217
For credit institutions		
For customers	*66,552*	*61,217*
Commitments on securities		
Securities to be delivered to the issuance		
Other securities to be delivered		
Commitments received	**1,759**	**1,827**
Financing commitments		
From credit institutions		
Guarantee commitments	1,759	1,827
From credit institutions		
From customers	*1,759*	*1,827*
Commitments on securities		
Securities receivable		

EXPECTED LOSSES ON COMMITMENTS

Expected credit losses on loans and financing commitments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2023	**15**	**-**	**-**	**-**
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	**-**	**-**	**-**	**-**
Movement attributable to financial instruments recognized over the period	**6**			
Charge	22			
Utilised				
Reversal untilised	(16)			
Expected losses as of 30th of June 2024	**22**	**-**	**-**	**-**

VI - Notes to the Income Statement

Note 14 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Interest and similar income	**236,472**	**135,185**	**335,866**
Due from banks	35,697	23,546	50,237
Due from customers	148,166	78,371	202,606
Bonds and other fixed income securities	23,646	14,458	37,575
Financial assets at fair value through other comprehensive income	*15,621*	*9,915*	*26,228*
Securities at amortized cost	*8,026*	*4,543*	*11,347*
Debt securities			
Macro-hedge transactions	23,380	13,149	33,616
Other interest income	5,583	5,661	11,833
Interest and similar expenses	**(224,980)**	**(122,309)**	**(311,748)**
Due to banks	(1,983)	(1,265)	(3,215)
Bonds and other fixed income securities			
Financial assets at fair value through other comprehensive income			
Securities at amortized cost			
Debt securities	(206,390)	(109,274)	(282,028)
Macro-hedge transactions	(11,033)	(6,086)	(14,656)
Other interest expenses	(5,574)	(5,684)	(11,850)
Interest margin	**11,492**	**12,876**	**24,118**

Note 15 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Fee & Commission Income	**287**	**76**	**274**
Interbank transactions			
Customer transactions			
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee	287	76	274
Other commissions recieved			
Fee & Commission Expense	**(108)**	**(118)**	**(176)**
Interbank transactions	(25)	(43)	(22)
Securities transactions			
Forward financial instruments transactions	(83)	(75)	(154)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net Fee and Commission income	**179**	**(42)**	**98**

Note 16 - NET RESULT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains/(losses) on Trading book	3	15	16
Net result of hedge accounting	(1,230)	2,708	4,043
Net result of foreign exchange transactions	0.4	10	11
TOTAL	**(1,227)**	**2,733**	**4,071**

Analysis of net result of hedge accounting

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Fair value hedges			
Fair value changes in the hedged item attributable to the hedged risk	72,312	92,692	(35,543)
Fair value changes in the hedging derivatives	(73,145)	(93,691)	34,988
Hedging relationship disposal gain	31	3,898	5,613
Cash flow hedges			
Fair value changes in the hedging derivatives – ineffective portion			
Discontinuation of cash flow hedge accounting			
Portfolio hedge			
Fair value changes in the hedged item	(14,587)	8,220	49,087
Fair value changes in the hedging derivatives	14,159	(8,411)	(50,102)
Net result of hedge accounting	**(1,230)**	**2,708**	**4,043**

Note 17 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains from disposal of fixed income securities	261	335	718
Losses from disposal of fixed income securities	(10)	(3,783)	(5,791)
Gains from disposal of variable income securities			
Other income/(expenses) from Financial assets at fair value through other comprehensive income			
Impairment (charges) and reversals on Financial assets at fair value through other comprehensive income			
Gains or (losses) on Financial assets at fair value through other comprehensive income	**251**	**(3,448)**	**(5,073)**

Note 18 - NET GAINS AND LOSSES ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains on derecognition of fixed income securities at amotised cost			
Losses on derecognition of fixed income securities at amotised cost			
Gains on loans sold			
Losses on loans sold			
Total Net gains and losses on derecognition of financial assets at amortised cost	**-**	**-**	**-**

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Employee expenses			
Wages and salaries	2,344	2,212	4,795
Post-employment benefit expenses	225	210	451
Other expenses	998	1,007	2,097
Total Employee expenses	**3,567**	**3,429**	**7,343**
Operating expenses			
Taxes and duties	279	1,395	1,364
External services	3,454	3,024	5,970
Total Administrative expenses	**3,732**	**4,419**	**7,334**
Charge-backs and reclassification of administrative expenses	(86)	(79)	(164)
Total General operating expenses	**7,213**	**7,769**	**14,513**

Note 20 - COST OF RISK

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Net charge to provisions	(249)	(69)	116
for financial assets at fair value through other comprehensive income	*(97)*	*(33)*	*115*
for financial assets at amortized cost	*(152)*	*(36)*	*1*
Net charge to provisions	(6)	(2)	1
for financing commitments	*(6)*	*(2)*	*1*
for guarantee commitments			
Irrecoverable loans written off not covered by provisions			
Recoveries of bad debts written off			
Total Cost of risk	**(255)**	**(71)**	**117**

Note 21 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Gains on sales of Investment securities			
Gains on sales of tangible or intangible assets		1	1
Reversal of impairment			
Total Gains on other assets	**-**	**1**	**1**
Losses on sales of Investment securities			
Losses on sales of tangible or intangible assets		(1)	(1)
Charge of impairment			
Total Losses on other assets	**-**	**(1)**	**(1)**

Note 22 - INCOME TAX

(€ '000s)	30/06/2024	30/06/2023	31/12/2023
Expense and income of current tax	(415)	(230)	(406)
Expense and income of differed tax	(276)	(727)	(1,593)
Ajustement on previous period			
Total Income tax	**(691)**	**(957)**	**(1,999)**

VII - Notes to Risk exposure

A - Fair value of financial instruments

For financial reporting purposes, the new standard IFRS 13 requires fair value measurements applied to financial instruments to be allocated to one of three Levels, reflecting the extent to which the valuation is based on observable data.

level 1: Instruments valued using quoted prices (non-adjusted) in active markets for identical assets or liabilities. These specifically include bonds and negotiable debt securities listed on markets;

level 2: Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 3: Fair value instruments which are measured at least in part on the basis of non-observable market in the valuation.

Fair value of instruments carried at fair value:

	30/06/2024			
	Total	Measured using		
(€ '000s)		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	**11,120**	-	11,120	-
Hedging derivative instruments	**717,168**	-	717,168	-
Government paper and similar securities	538,084	538,084	-	-
Bonds	151,869	99,962	-	51,908
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	**689,953**	**638,045**	**-**	**51,908**
Total Financial assets	**1,418,241**	**638,045**	**728,288**	**51,908**
Financial liabilities				
Financial liabilities at fair value through profit or loss	**11,096**	-	11,096	-
Hedging derivative instruments	**685,488**	-	685,488	-
Total Financial liabilities	**696,583**	**-**	**696,583**	**-**

Fair values of instruments carried at amortised cost:

	30/06/2024				
	Net Carrying value	Fair value	Measured using		
(€ '000s)			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	**818,835**	**818,835**	-	-	818,835
Government paper and similar securities	417,917	414,993	288,994	-	125,999
Bonds	7,049	6,856	6,856	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	**424,967**	**421,849**	295,850	-	125,999
Loans and receivables due from credit institutions	**240,345**	240,345	-	-	240,345
Loans and advances to customers (*)	**6,720,585**	6,720,585	-	-	6,720,585
Total Financial assets	**8,204,732**	**8,201,614**	**295,850**	**-**	**7,905,764**
Financial liabilities					
Debt securities	**8,613,470**	8,465,633	6,800,102	1,420,531	245,000
Total Financial liabilities	**8,613,470**	**8,465,633**	**6,800,102**	**1,420,531**	**245,000**

(*) The fair value of loans and receivables to customers includes the outstanding capital and the revaluation in interest rates of the loans hedged on the closing date.

For Loans and receivables due from credit institutions, which are deposits, the fair value used was the nominal value.

B - Credit risk exposure

The tables below disclose the maximum exposure to credit risk at 30 June 2024 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

(€ '000s)	Performing assets	Past due but not impaired	Impairment allowance	Total 30/06/2024
Cash, central banks	818,886		(51)	**818,835**
Financial assets at fair value through profit or loss	11,120			**11,120**
Hedging derivative instruments	717,168			**717,168**
Financial assets at fair value through other comprehensive income	689,953			**689,953**
Securities at amortized cost	425,407		(440)	**424,967**
Loans and receivables due from credit institutions	240,369		(24)	**240,345**
Loans and advances to customers	6,815,816		(368)	**6,815,449**
Revaluation adjustment on interest rate hedged portfolios				**-**
Current tax assets				**-**
Other assets	7,858			**7,858**
Sub-total Assets	**9,726,576**	**-**	**(882)**	**9,725,694**
Financing commitments given	960,521			**960,521**
TOTAL Credit risk exposure	**10,687,097**	**-**	**(882)**	**10,686,215**

Exposure analysis by counterparty

(€ '000s)	Total 30/06/2024
Central banks	818,835
Local public sector	8,457,535
Credit institutions guaranteed by the EEA States	214,976
Credit institutions	1,183,391
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	5,909
Non-financial corporations	5,568
Total Exposure by counterparty	**10,686,215**

Agence France Locale's very cautious investment policy prefers securities issued by States and central governments, or ones that are guaranteed by such counterparties.
Credit institutions exposures primarily result from cash management and interest rates hedging transactions.

Exposure analysis by geographic area

(€ '000s)	Total 30/06/2024
France	9,894,143
Supranational	289,998
Canada	200,684
Finland	67,389
Belgium	43,757
New Zealand	42,216
Iceland	28,386
Netherlands	23,047
Japan	18,097
Germany	17,360
Sweden	13,436
Poland	12,956
South Korea	12,274
Denmark	11,744
Spain	10,728
Total Exposure by geographic area	**10,686,215**

As credits are solely granted to French local authorities, the largest exposure is to France. Exposures to other countries (EEA, North America, Asia and Oceania) result from Agence France Locale's cash management policy and its investment in sovereign or equivalent securities.

C - Liquidity risk : Assets and liabilities, analysed by remaining contractual maturity

(€ '000s)	Less than 3 month	3 month to 1 year	1 year to 5 years	more than 5 years	Total	Related receivables and payables	Revaluation	Total 30/06/2024
Cash, central banks	818,835				**818,835**			**818,835**
Financial assets at fair value through profit or loss		1,542	5,487	3,812	**10,842**	278		**11,120**
Hedging derivative instruments	6,689	4,925	56,172	648,756	**716,542**	626		**717,168**
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	18,103	31,604	321,571	203,967	575,246	2,782	(39,944)	538,084
Bonds		5,815	142,159	9,430	157,405	1,187	(6,722)	151,869
Total Financial assets at fair value through other comprehensive income	**18,103**	**37,420**	**463,730**	**213,398**	**732,651**	**3,969**	**(46,666)**	**689,953**
Securities at amortized cost								
Government paper and similar securities		66,800	107,462	258,626	432,887	2,250	(17,220)	417,917
Bonds			6,994		6,994	100	(44)	7,049
Total Securities at amortized cost	**-**	**66,800**	**114,455**	**258,626**	**439,881**	**2,350**	**(17,264)**	**424,967**
Loans and receivables due from credit institutions	179,062		60,000		**239,062**	1,283		**240,345**
Loans and advances to customers	98,644	347,863	2,104,896	4,727,776	**7,279,179**	19,405	(483,135)	**6,815,449**
Revaluation adjustment on interest rate hedged portfolios								**-**
Current tax assets								**-**
Other assets	7,858				**7,858**			**7,858**
TOTAL ASSETS								**9,725,694**

Central banks								**-**
Financial assets at fair value through profit or loss		1,539	5,488	3,812	**10,839**	256		**11,096**
Hedging derivative instruments	1	18,116	240,427	442,052	**700,596**	(15,108)		**685,488**
Debt securities	243,771	698,147	3,079,379	5,117,891	**9,139,187**	37,814	(563,531)	**8,613,470**
Due to credit institutions	101,115				**101,115**			**101,115**
Revaluation adjustment on interest rate hedged portfolios							94,864	**94,864**
Other liabilities	2,328				**2,328**			**2,328**
TOTAL LIABILITIES								**9,508,361**

Agence France Locale oversees the transformation of its balance sheet into liquidity by monitoring several indicators, including the difference in average maturity between assets and liabilities which is limited to 12 months, temporarily increased to 18 months, and limits in gaps.

D - Interest rate risk: sensitivity to interest rate changes

Exposure to interest rate risk relates to that of the Operational subsidiary, Agence France Locale. The rate risk management policy and its implications on the first half of 2024 are described into the financial report as at 30th June 2024.

Agence France Locale S.A

Statutory Auditors’ Review Report on the interim consolidated condensed financial statements in accordance with IFRS

For the period from January 01 to June 30, 2024]

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Agence France Locale S.A

Statutory Auditors' Review Report on the interim consolidated condensed financial statements in accordance with IFRS

For the period from January 1st to June 30, 2024]

To the Shareholders,

In our capacity as Statutory Auditors of Agence France Locale S.A. and in accordance to your request made in the context of your willingness to produce an extended financial information to investors, we conducted a review of the accompanying interim consolidated condensed financial statements of Agence France Locale S.A. prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, for the period from January 1, 2024 to June 30, 2024.

These interim consolidated condensed financial statements are the responsibility of the Management Board. Our responsibility is to express a conclusion on these interim consolidated condensed financial statements based on our review.

We consolidated conducted our review in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements as at June 30, 2024 do not present fairly, in all material respects, the assets and liabilities and the financial position of the company as at 30 June, 2024 and the results of its operations for the period then ended, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes.

This report is governed by French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris la Défense, on the 25 September 2024	Paris , on the 25 September 2024
KPMG S.A.	Cailliau Dedouit et Associés
Sophie MEDDOURI *Partner*	Sandrine LE MAO *Partner*

Agence France Locale

Pillar 3 as of June 30, 2024

I. GENERAL PROVISIONS

The information contained in this document concerns Agence France Locale - Société Territoriale (LEI: 9695002K2HDLD20JU790) at the consolidated level as of June 30, 2024. Also, when AFL-ST is mentioned in the rest of the report, the AFL Group should be understood as a consolidated one.

The scope of consolidation consists of Agence France Locale (LEI: 969500NMI4UP00IO8G47), which is 99.9999% owned. The data are presented in euros and under IFRS.

The information presented complies with Commission Implementing Regulation (EU) 2021/637 of March 15, 2021 defining implementing technical standards for the publication, by institutions, of the information referred to in Titles II and III of the eighth part of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, known as "Pillar 3".

In accordance with Article 19 (4) of the aforementioned regulation, the numerical values are presented as follows:

- *Quantitative monetary data is published with a precision corresponding to the units;*
- *Quantitative data published in "Percentage" is expressed with a minimum precision of four decimal places.*

II. SPECIAL PROVISIONS

Template EU KM1 - Template for key indicators

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	232 930 529	223 971 429	207 027 615	197 057 632	195 632 472
2	Tier 1 capital	232 930 529	223 971 429	207 027 615	197 057 632	195 632 472
3	Total capital	232 930 529	223 971 429	207 027 615	197 057 632	195 632 472
	Risk-weighted exposure amounts					
4	Total risk exposure amount	299 789 722	1 628 465 230	1 564 580 377	1 329 501 450	1 303 992 406
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	0,7770	0,1375	0,1323	0,1482	0,1500
6	Tier 1 ratio (%)	0,7770	0,1375	0,1323	0,1482	0,1500
7	Total capital ratio (%)	0,7770	0,1375	0,1323	0,1482	0,1500
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,0125	0,0125	0,0125	0,0125	0,0125
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,0070	0,0070	0,0070	0,0070	0,0070
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,0094	0,0094	0,0094	0,0094	0,0094
EU 7d	Total SREP own funds requirements (%)	0,0925	0,0925	0,0925	0,0925	0,0925
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	0,0250	0,0250	0,0250	0,0250	0,0250
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0,0075	0,0052	0,0023	0,0024	0,0025
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)					
11	Combined buffer requirement (%)	0,0325	0,0302	0,0273	0,0274	0,0275
EU 11a	Overall capital requirements (%)	0,1250	0,1227	0,1198	0,1199	0,1200
12	CET1 available after meeting the total SREP own funds requirements (%)	205 206 065	73 280 935	62 270 299	74 053 231	74 979 563
	Leverage ratio					
13	Total exposure measure	2 404 521 001	3 628 362 927	2 336 145 260	2 634 525 483	2 520 938 327
14	Leverage ratio (%)	0,0969	0,0617	0,0886	0,0748	0,0776
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	0,0300	0,0300	0,0300	0,0300	0,0300
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	0,0300	0,0300	0,0300	0,0300	0,0300
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 609 633 578	2 491 502 894	1 718 336 562	1 861 395 730	1 847 706 950
EU 16a	Cash outflows - Total weighted value	328 903 288	373 142 213	343 741 844	211 628 740	148 687 864
EU 16b	Cash inflows - Total weighted value	70 249 807	49 343 270	28 004 493	99 006 337	141 937 728
16	Total net cash outflows (adjusted value)	258 653 482	323 798 943	315 737 351	112 622 403	37 171 966
17	Liquidity coverage ratio (%)	6,2231	7,6946	5,4423	16,5278	49,7070
	Net Stable Funding Ratio					
18	Total available stable funding	8 033 302 124	8 592 495 156	6 795 291 422	6 865 858 228	6 743 791 687
19	Total required stable funding	4 691 693 667	4 521 400 975	2 934 955 300	3 766 249 042	3 719 530 191
20	NSFR ratio (%)	1,7122	1,9004	2,3153	1,8230	1,8131

III. STATEMENT ON THE ADEQUACY OF THE AFL GROUP'S RISK MANAGEMENT SYSTEMS

We certify the adequacy of the AFL Group's risk management system and ensure that the risk management systems put in place since the creation of the AFL are appropriate, given the risk profile of the AFL Group and its strategy.

Yves MILLARDET

Deputy Chief Executive Officer of Agence France Locale – Société Territoriale

President of the Management Board of Agence France Locale