



AFL HALF-YEARLY REPORT

.....
RESULTS
FOR H1 2025

EDITORIAL BY THE CHAIRMAN OF THE MANAGEMENT BOARD

"We are pleased to announce strong financial results for the first half of 2025. These results reflect the growth in the bank's activity and underline its continued rapid growth in recent years, with an increasing number of local authority shareholders finding attractive conditions for financing their investment projects with AFL.

These projects are experiencing sustained growth due to the increase in investment efforts by local authorities in favour of the energy transition"



Yves Millardet,
Chairman of the
AFL Executive
Board

KEY FIGURES ON 30 JUNE 2025

1,131

Local authority
shareholders

i 87 new members
during the first half
of the year

€332

MILLION
Pledged capital

€11.6

BILLION
Loans granted since
the creation of AFL

€15.3

MILLION
Net banking income
for the half-year
(IFRS)

€6.3

MILLION
Gross operating
income (IFRS)

€4.6

MILLION
Net income (IFRS)

ACTIVITIES

DURING THE FIRST HALF OF 2025

MEMBERSHIPS

During the first half of 2025, **87 local authorities joined the AFL Group**, demonstrating the continued momentum in membership and bringing the total number of shareholders to **1,131 local authorities on 30 June 2025**.

These new members are: 12 trade unions, 7 communities of municipalities, 4 urban communities and 64 municipalities of various sizes.

In total, the AFL Group's shareholders include 6 regions, 18 departments, 873 municipalities and 234 EPCIs (groupings of municipalities), including 15 metropolitan areas.

The 2 capital increases carried out during the half-yearly period permitted a strengthening of equity capital through an additional paid-up capital contribution of €17 million, as shown in the chart below.

RESOURCES

During the first half of 2025, **AFL raised €1.3 billion in resources at a margin of 15 basis points over the OAT curve**. This excellent performance, notably the result of the HQLA 1 qualification of AFL's debt securities since June 2024, should not obscure the general deterioration in the cost of liquidity within the Eurozone, under the dual effect of Germany's increased financing needs and the sharp deterioration in France's public finances.

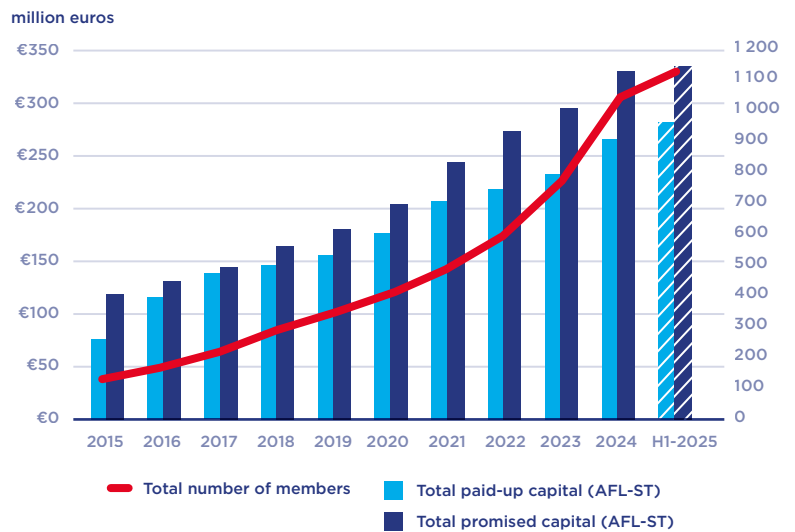
These resources were raised through a mix of 12 transactions, consisting of 8 private placements, 2 syndicated issues and 2 additions to existing bond issues.

LOAN ORIGATION

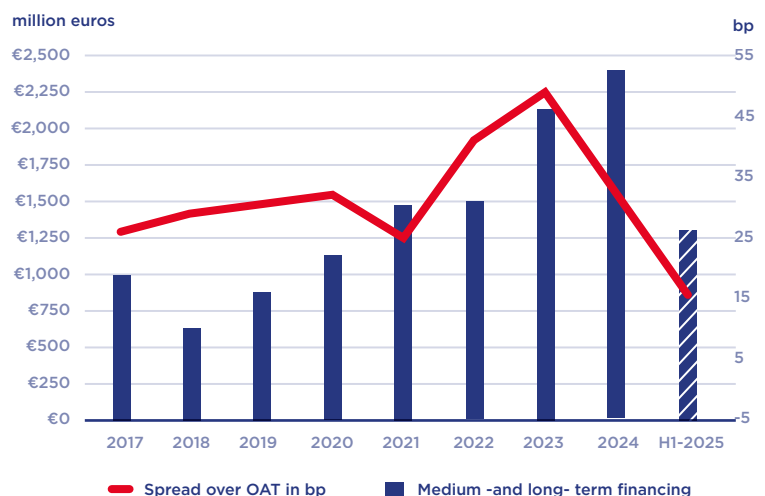
During the first half of 2025, **AFL's credit production amounted to €728 million**, an increase of 18% compared to the first half of 2024.

On 30 June 2025, outstanding loans amounted to €9.6 billion, while cumulative loan production since the creation of AFL stood at €11.6 billion.

ADHESIONS AND CAPITAL



MEDIUM-AND LONG-TERM FINANCING



OUTSTANDING SIGNED CREDITS (FRENCH GAAP)

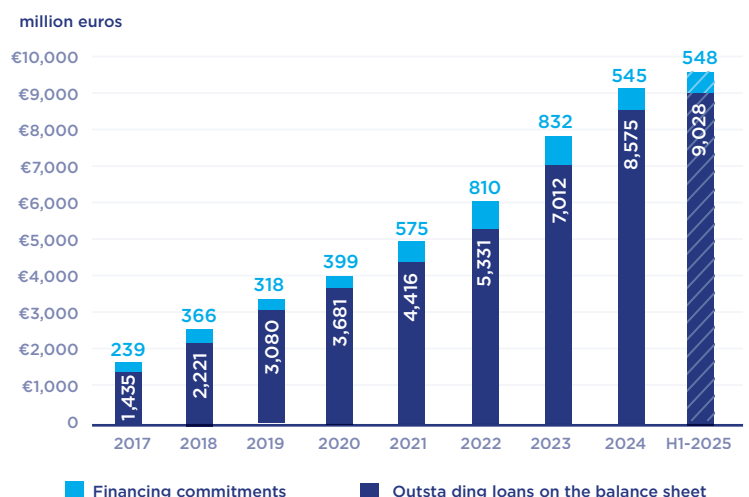


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GLOSSARY

AC	Audit Committee
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 or the Société Territoriale	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)
AT1	Perpetual Fixed Rate Resettable Deeply Subordinated Securities intended to be recognised as additional Tier 1 equity capital
Authority (authorities) or local authority (authorities)	Local and regional authorities, groupings of such authorities and other local public institutions
CAVC	Corporate added-value contribution
CET1	Common Equity Tier One
DTA	Deferred tax assets
DTL	Deferred tax liabilities
EAPB	European Association of Public Banks
ECAI	External credit assessment institutions
ECB	European Central Bank
ECMS	European Collateral Management System
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
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
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
TRiCP	Electronic Processing of Private Claims



Half-yearly report

1. DEVELOPMENT STRATEGY AND MODEL

Authorised by Law No. 2013-672 of 26 July 2013 on the separation and regulation of banking activities and created on 22 October 2013, the Agence France Locale Group ('AFL Group') is organised around a dual structure comprising, on the one hand, Agence France Locale - Société Territoriale ('AFL-ST', the parent company with the status of a financial holding company) and, on the other hand, Agence France Locale ('AFL', the specialised credit institution subsidiary).

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 the local authorities that are shareholders of AFL-ST for the benefit of any financial creditor of AFL allow the local authority shareholders to be called upon 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 loans contracted with AFL. This guarantee is organised to create joint and several liability between the Member regional and local authorities in the payment of the due amounts, 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 80% 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 20% of the total debt issued by AFL on the markets is retained, both in order 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 allows the creditor(s) to call directly on AFL-ST 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. On 30 June 2025, and corresponding to debt issues and financial transactions with counterparties amounted to €15.05 billion.

This dual mechanism allows the beneficiaries of these guarantees¹ to have the option of both: (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 the one-stop shop that it offers.

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 concluded by

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

the two companies. The main purpose of this call mechanism is to be able to mobilise 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 some ten months; this reserve largely consists 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 issues denominated in euros and traded on regulated markets, including Sustainable Bonds, syndicated bond issues in foreign currencies, private placements, etc.), as well as the diversity of the investor base, in terms of both typology and of 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 18 months, with the possibility of extending it to 24 months over a maximum period of 6 months.

With regard to 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 European ECMS (Euro Collateral Management System) mechanism, which replaced TRiCP (Traitement Informatique des Créances Privées - Data Processing of Private Claims) on 16 June 2025.

1.3. HQLA1 nature of the senior debt securities issued by AFL

The Supervisory Council of the ACPR adopted Decision No. 2024-C-18 on 21 June 2024 allowing municipalities, departments, regions and intercommunal cooperative public entities (EPCI) to be assimilated into the French central government with a separate tax status, as well as authorities governed by specific statute - which may be assimilated into the central government provided that they adhere to criteria specified in Regulation (EU) 575/2013 of 26 June 2013 as amended. As a result, the senior debt issued by AFL may be considered as high-quality level 1 liquid assets (HQLA 1) by virtue of article 10(1)(e)(ii) of the delegated Regulation (EU) 2015/61 of 10 October 2014, subject to the percentage of loans granted by AFL to assimilated regional and local authorities (RGLA) having to be permanently equal to or greater than 90% of the total outstanding loans². On 30 June 2025, this percentage was 90.01%.

1.4. 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.

AFL's bond issuance program has received the same rating from the agencies Standard & Poor's and Fitch.

After lowering France's long-term rating from AA- to A+ on 13 September 2025, Fitch Ratings reduced the ratings of issuers aligned with that of the French government, including AFL. AFL is now rated A+ with a stable outlook by Fitch Ratings. The short-term rating remains unchanged at F1+ with a stable outlook.

² Notice 2024, Methods for calculating and publishing prudential ratios within the scope of the CRDIV and the MREL requirement (version of 28 June 2024), ACPR.

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

2. REVIEW OF ACTIVITIES DURING THE FIRST HALF OF 2025 AND SIGNIFICANT EVENTS

2.1. Economic and financial environment evolution

2.1.1. Economic and market update

During the first half of 2025, the international economic situation was characterised by several factors. The arrival of Donald Trump as President of the United States marked a break with previous administrations in terms of the conduct of affairs and the objectives pursued. The strategy of increasing customs tariffs as part of a rebalancing of the US trade balance breaks in many ways with the policies pursued since the Second World War under US leadership for facilitating international trade, first within the framework of GATT and then within that of the WTO.

Another break was the decline of the dollar during the second quarter of 2025 - a sign both of investor concern about the trajectory of US public debt and of the US administration's desire to promote exports.

After 2 years of strong price pressures, central banks, having achieved their inflation targets, were able to initiate a cycle of rate cuts in 2024, which continued into the first half of 2025, driven by the stabilisation of commodity prices, particularly oil prices, and less dynamic economic activity in OECD countries.

In Europe, the arrival of Friedrich Merz in the first half of 2025 as Olaf Scholz' successor as German Chancellor marks a desire for change, with ambitions to strengthen Germany's defence capabilities and upgrade the country's infrastructure, which has suffered from chronic underinvestment for many years. Italy surprised with stronger-than-expected growth, a significant trade surplus and a primary budget surplus of more than €9 billion for the full year 2024. This situation contrasts with that of France, which is causing concern with its severely impaired public finances and political instability that is unprecedented for the Fifth Republic.

The latest growth forecasts published by the European Commission on 19 May 2025 indicate an increase in real GDP of 0.9% in 2025 and 1.4% in 2026 in the eurozone and of 1.1% in 2025 and 1.5% in 2026 in the EU. Inflation is expected to continue to fall to 2.1% in 2025 and 1.7% in 2026 in the euro area and to just under 2% in 2026 in the EU. Due to the slowdown in global trade, EU exports are expected to grow by only 0.7% this year, but this growth is expected to accelerate to 2.1% in 2026. It should be noted that the labour market remains strong, with a record 1.7 million new jobs created in the EU economy in 2024, which should record a new increase of 2 million additional jobs in 2025. As a result, the unemployment rate is expected to fall to a new historic low of 5.7% in 2026. Conversely, public deficits in EU countries are expected to increase slightly, from 3.2% in 2024 to 3.3% in 2025, and to remain at this level in 2026.

These growth forecasts remain fragile when considering the uncertainty linked to global trade tensions and increasing climate risks. It should also be recalled that in 2024, reports by Enrico Letta and Mario Draghi highlighted the risks of Europe's economic decline due to a decline in competitiveness and underinvestment in information technology. In addition, to date, no major

initiatives have been taken by the EU in this area and signs of a recovery in growth in Europe in the first half of 2025 have remained limited.

With regard to the United States, the IMF's latest forecasts have been revised slightly upwards for 2025, from 1.8% to 1.9%. The IMF also revised its global growth forecast upwards to 3.0% in 2025, compared with 2.8% in its April 2025 forecast, and to 3.1% in 2026, against 3.0%. The IMF sees President Donald Trump's tariff policy as a source of instability, but notes that the global economy is showing signs of resilience, with the major southern economies, including China, helping to sustain global growth.

During the period, markets were characterised by strong resilience in the equity segment, despite fears regarding customs duties and their impact on global trade and corporate profitability. The bond segment, marked by high volatility in US Treasury bonds, was very dynamic, with record issuance volumes from the public sector in euros. This situation nevertheless weighed on prices, with the continuation, observed since the fourth quarter of 2024, of a generalised widening of margins, notably due to the increase in Germany's borrowing volume, which is expected to exceed €290 billion in 2025, and, in the case of French issuers, to the continuing deterioration in France's public finances. This situation, combined with cuts in key interest rates, has led to a normalisation of the yield curve after an unprecedented inversion lasting more than 2 years. Indeed, since the adoption of the single currency in 1999, apart from a short period in 2001 and during the financial crisis in 2008, there had been no inversion of the yield curve.

The prospect of continued cuts in key interest rates between now and the end of 2025 by the US Federal Reserve and the ECB for the eurozone provided an element of support for asset valuations and bond investments during the first half of 2025.

At the same time, developments in commodity prices, the still uncertain outcome of tariff negotiations and potential wage increases in OECD economies are points of concern for central banks, which should encourage these to continue pursuing monetary policies based on the latest economic data.

France has entered a period of political instability not seen before under the Fifth Republic, following the President's dissolution of the National Assembly in the wake of the European Parliament elections on June 9, 2024. With no majority in the National Assembly following the July 2024 legislative elections, adopting a budget has become a major challenge, just as the worsening state of public finances calls for decisive action backed by a parliamentary majority. As a result, markets are increasingly concerned about the debt trajectory of France, which is diverging sharply from the EU's common rules and has come under the scrutiny of rating agencies.

2.1.2. Financial position of local authorities

The financial position of local authorities worsened in 2024. This development reflects unfavourable macroeconomic trends, the fragility of certain revenue streams and sustained investment momentum that is driving greater reliance on borrowing³.

Against a backdrop of falling inflation, the second half of the electoral cycle and the ongoing crisis in the property market, the 2024 financial year was marked by two contrasting trends. On the one

³ Source: Report by the *Observatoire des finances et de la gestion publique locales* [Observatory of Local Finance and Public Management] (OFGL): <https://www.collectivites-locales.gouv.fr/files/Accueil/DESL/2025/ofgl/2025/rapport%202025/Rapport%20OFGL%202025%201%20vue%20d%20ensemble.pdf>

hand, expenditure, particularly investment expenditure, rose sharply, reaching an unprecedented level of around €82.5 billion (including €13.6 billion in equipment subsidies paid). On the other hand, significant disparities are evident across levels of local government: while municipalities and groupings with their own taxation powers (GFP) remain in a generally satisfactory financial situation, departments are facing serious difficulties and, though to a lesser extent, are also under strain.

- **A moderately favourable national environment:** In 2024, the French economy experienced a marked slowdown, with GDP growth limited to +1.2%, compared to +1.4% in 2023. The public deficit widened to 5.8% of GDP and public debt reached 113.2% of GDP. Local public authorities (LPAs) contributed to this deterioration: their deficit amounted to €16.7 billion, i.e. almost double that of 2023. The share of local authorities in public debt increased by €13.8 billion, at a faster pace than in 2023.
- **Operating expenditure remains buoyant:** Local authority operating expenditure rose by 3.9% in 2024, following an exceptional increase of 5.9% in 2023. This growth notably reflects:
 - Staff costs: +4.4%, due to the effect of revaluation of the index point and the increased use of contract workers and apprentices.
 - Social expenditure by departments, which is structurally heavy.
 - Financial expenses: +13.9%, a direct consequence of the rise in interest rates.
 - Insurance: +20.7%, under heavy pressure.

The increases are particularly marked in large municipalities (+5.3%) and very small municipalities (+4.8%), while the regions limited their growth (+1.1%).

- **Slowing of revenues, weakened by the DMTO [property transfer taxes]:** Operating revenues grew by only +2.2%, i.e. at a rate less than that of expenditure. The situation differed, according to the level of local authority:
 - Municipal block: relatively solid growth (+3-4%), driven by tax on built property (+5.3%).
 - Regions/CTU: limited increase (+1.1%), despite the dynamism of vehicle registration tax revenue (+16%).
 - Departments: virtually stagnant (+0.2%), penalised by the collapse in DMTO: -13.6% after -20.8% in 2023.

Increased dependence on VAT makes revenues more sensitive to economic fluctuations, while financial support from the State provides only limited assistance (+0.7%).

- **Declining savings, especially in the departments:** The combination of rapid growth in expenditure and a slowdown in revenues led to an erosion of savings:
 - Gross saving: €41.49 billion, down -5.5%. Main budgets alone: €32.5 billion, down -7.3%. Departments witnessed a collapse in their rates from 16.7% in 2022 to 6.9% in 2024. Municipalities and EPCIs held up better (14.6% for municipalities), while regions remained in a relatively favourable position (19.2%).
 - Net savings: €22.3 billion, down -10.9%. Main budgets alone: €17.5 billion, down -13.6%. Savings by departments fell to just €1.7 billion.
- **Dynamic but uneven investment:** Despite financial pressures, local authorities continued to invest heavily: +7% in 2024, for a total of €70.4 billion. The municipal election cycle accounted for a significant part of this growth (+10% for the third consecutive year).

- Municipalities and EPCIs accounted for most of the increase, which was focused on development, housing and security.
- Regions: steady growth (+6.1%).
- Departments: reduction in investment (-2.9%) due to a lack of self-financing margin.
- **Increased recourse to debt and cash flow pressures:** Financing requirements reached –€10 billion (–€11.3 billion consolidated), a level not seen in over a decade. To cover this, local authorities resorted to massive borrowing: €27 billion ⁴ (+27.6%).
 - Consolidated debt of local authorities and inter-municipal and joint associations on 31 December 2024⁵:

	Municipalities		OTG		Departments		Regions		Intercommunal associations of municipalities		Total	
	Amount (€ billion)	Development 2023/2022	Amount (€ billion)	Development 2023/2022	Amount (€ billion)	Development 2023/2022	Amount (€ billion)	Development 2023/2022	Amount (€ billion)	Development 2023/2022	Amount (€ billion)	Development 2023/2022
Debt reimbursement	7.01	-1.0%	4.59	1.6%	3.20	-4.7%	2.49	11.0%	1.82	3.6%	19.11	0.8%
New borrowings	7.90	12.8%	6.23	18.5%	5.46	80.7%	4.73	35.4%	2.73	12.7%	27.04	27.6%
Debt on 31/12/2024	71.88	0.9%	53.04	4.1%	33.48	7.1%	37.20	4.7%	20.28	3.7%	215.89	3.5%

- The stock of local public administration (APUL) debt amounted to €261.9 billion at the end of 2024, representing 9% of GDP and 7.9% of total public debt (€3,305 billion). This €13.8 billion increase in outstanding debt in 2024 is attributable to 35% to various local government bodies (ODAL) and 65% to local authorities (23% for municipalities, 17% for departments and 25% for the regions).
- Despite its marked increase in 2024, the limited weight of local authority debt must be assessed in light of their position as the leading public investor. In 12 years, APUL debt has increased by €86 billion. Relative to GDP, the difference between 2012 and 2024 is only +0.6% (compared with +21.3% for total public debt). This is essentially attributable to ODALs.
- The debt repayment period is lengthening for all levels of local government, from 4.7 years in 2023 to 5.2 years in 2024, reaching 6.7 years for departments.
- Net cash decreased to €44.5 billion (-12%).

Conclusion: The year 2024 witnessed a contraction in savings, increased recourse to debt, weakened tax revenues for departments due to the decline in the property market and declining cash flow. Municipalities and EPCIs still maintain strong budgetary health, regions rely on VAT, but departments are under greater pressure, with their net savings likely to turn negative as early as 2025.

2.2. Loan origination

AFL's medium- and long-term loan origination in the first half of 2025 amounted to €728 million, against €619 million in the first half of 2024. This year-on-year increase in origination 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 encourages these latter parties to borrow. The average maturity of medium- to long-term loans granted in the first half of 2025 was 17.4 years compared to 18.3 years in the first half of 2024, i.e. a modest but non-representative drop. In addition to medium- and long-term loans, €173 million in lines of credits were produced, compared to €190 million in the first half of 2024.

⁴ Unlike credit rating agencies (Moody's and Standard and Poor's), the AFL consolidates local authorities' debt and borrowing requirements by aggregating their main budgets and supplementary budgets.

⁵ Source : Report of the Observatoire des finances et de la gestion publique locales, Annex 2C: <https://www.collectivites-locales.gouv.fr/rapports-observatoire-des-finances-et-gestion-publique-locales-ofgl>

On 30 June 2025, outstanding loans, expressed in accordance with French accounting standards, amounted to €9.028 billion in loans provided and €548 million in financing commitments, with total commitments of €9.576 billion, which also includes credit lines.

2.3. Memberships

The AFL Group had 1,131 members at the end of the half-year ended 30 June 2025.

87 new local authorities joined the AFL Group during the past half-yearly period. On 30 June 2025, 1,131 local authorities were shareholders, including 6 regions, 18 departments, 873 municipalities and 234 groupings, including 15 cities, 6 EPT (territorial public entities), 9 urban communities, 56 suburban communities, 77 communities of communes and 71 local public unions and establishments.

Memberships completed during the first half of 2025 brought the total pledged capital⁶ to a total of €332 million. In this way, on 30 June 2025, the share capital of AFL-ST had risen to €281,642,700, while the share capital of AFL stood at €258,648,750.80.

The table below shows the breakdown of AFL-ST's share capital and voting rights by type of local authority, on 30 June 2025 after the 44th capital increase.

Figures in € thousands	Number	Committed capital	Paid in capital	% of capital and voting powers
Region	6	68 187	51 199	18,18%
Department	18	59 878	45 133	16,02%
Municipalities	873	74 705	65 705	23,33%
Groupings	234	129 176	119 605	42,47%
Metropolises	15	81 542	77 511	27,52%
Territorial public entities	6	6 077	6 077	2,16%
Urban communities	9	4 586	4 418	1,57%
Suburban communities	56	18 653	14 893	5,29%
Municipality communities	77	4 161	3 293	1,17%
Other groupings	71	14 158	13 414	4,76%
TOTAL	1131	331 946	281 643	100%

The share capital of AFL is wholly owned by AFL-ST, minus one share (= voting right) held by the Métropole de Lyon. 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 programme

AFL's medium- and long-term borrowing program for 2025, approved by the Supervisory Board on 4 December 2024, was set at a maximum amount of €3 billion, plus an authorisation for drawdowns under the ECP Programme for a maximum amount of €750 million.

⁶ 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.

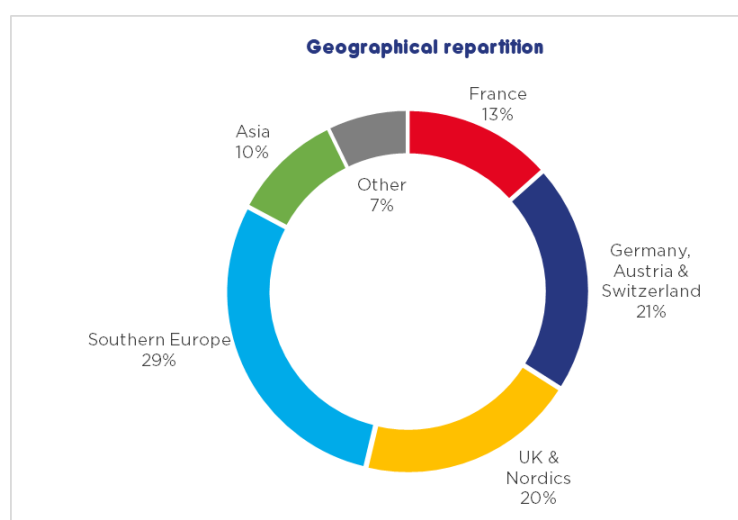
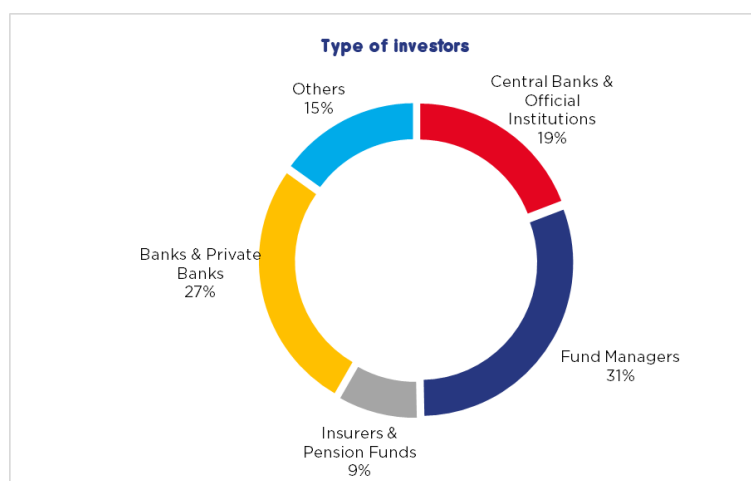
2.4.2. Bond issues under the EMTN program

During the first few months of 2025, AFL focused on 8 private placements with maturities ranging from 4 to 12 years and totalling €183 million. Of these private placements, 2 are redeemable in advance on a predetermined date. Their aggregate amount is €112 million and they offer a significant cost advantage for AFL.

In addition to these transactions, there was a syndicated issue denominated in Swiss francs with a maturity of 10 years, amounting to €100 million and listed on the SIX Swiss Exchange, a new syndicated issue of €500 million and 2 top-ups of existing 2024 and 2029 issues of €250 million each at a margin against OATs of 16 and 20 basis points respectively.

By launching a new €500 million bond issue, AFL enriched its euro curve with an 8-year point and confirmed the increase in the valuation of its debt securities with an issue spread of 18 basis points over the OAT curve.

The placement of this issue is shown in the following charts, which highlight a good diversification of investors by category and geographical origin, with a growing weighting of bank treasuries from Southern European countries.



On 30 June 2025, AFL had raised €1,289 million, or 56% of its requirements for 2025, at an average margin against OATs of 15.7 basis points and an average maturity of 7.6 years.

The funds raised on the markets enabled AFL to pursue its development, while ensuring a sound balance sheet by maintaining a stable average duration from one financial year to the next.

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

In addition to AFL's medium- to long-term borrowing programme, there is a €750 million drawdown authorisation for debt securities issues under the ECP programme for the 2025 financial year (as in the previous year).

Under this programme, the AFL made several ECP issues during the period, in order to finance the cash lines that the AFL grants to its members and also to optimise the management of its own cash flow. These transactions were carried out exclusively in euros, with an average outstanding amount of €300 million.

2.5. Governance

On 30 June 2025, the composition of the AFL Supervisory Board was as follows:

	Independence ⁷	Specialised committees			
		Audit committee	Risk Committee	Appointments, Remuneration and Corporate Governance Committee (ARCGC)	Strategy and Responsible Commitments Committee
Sacha Briand Chairman of the Committee					
Marie Ducamin Deputy Chairman of the Board					
Olivier Labe	▲				■
Marie Lemarié	▲	■	◇		
Olivier Landel		◇	◇	◇	◇
Sophie L'Hélias	▲			■	
Sophie Souliac	▲		■	◇	
Julien Denormandie	▲				◇
Estelle Grelier	▲			◇	
Lydie Assouline	▲		◇		
Bertrand de Mazières	▲	◇			

■ Chairman of the Committee

◇ Committee members

⁷ The independence of Supervisory Board members is determined according to the criteria of the AFEP-MEDEF Code, as detailed in the report on corporate governance annexed to the annual report.

2.6. Agence France Locale - Foncière

AFL created a subsidiary in June 2024 in the form of a *société anonyme simplifiée* [simplified public limited company] (SASU).

This company, called Agence France Locale – Foncière, received capital of €12,500,000, and is wholly owned by AFL. Entered in the Lyon Trade and Company register (RCS) under the number 929 596 583, it has its current registered office at AFL's premises (112, rue Garibaldi, 69006 Lyon). Its main purpose is the acquisition of property for office use located in the Lyon - Part Dieu neighbourhood (Vertuo building) acquired by means of a sale before completion (VEFA). This is property undergoing full renovation of a very high environmental quality, which is particularly intended to house AFL's headquarters once the work is completed, which is expected to be in 2026. The two companies entered into a lease agreement in anticipation of completion (BEFA) on 21 October 2024. This subsidiary may also lease out part of the building to third parties.

3. AFL'S RESULTS DURING THE PERIOD

The half-yearly 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 accounting plan for credit institutions. Additional explanations are given in the notes to the half-year financial statements.

AFL also prepared IFRS financial statements on a voluntary basis for the period ended 30 June 2025, consolidated to include AFL and its subsidiary Agence France Locale – Foncière.

3.1. AFL's individual financial statements in accordance with French accounting standards

The first half of 2025 saw a further significant improvement in results, in line with AFL's development trajectory, in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023 and then in 2024. The revenue generation momentum from loan origination is the result of the regular and continuous increase in the value of loans granted to member local authorities.

AFL's medium- and long-term loan origination in the first half of 2025 amounted to €728 million, against €619 million in the first half of 2024. This year-on-year increase in lending volume can be explained by two factors: the steady increase in the number of local authorities that are members of the AFL Group and the continued strong investment momentum among French local authorities, which encourages them to borrow.

On 30 June 2025, net banking income (NBI) generated by the business stood at €14.562 million, compared with €11,663 million at end-June 2024. This sharp 25% increase in NBI under French accounting standards can be explained by the following factors:

- A marked increase in net interest margin, which rose from €11.479 million on 30 June 2024 to €13.385 million on 30 June 2025 and which stems from the increase in interest income generated by the increase in outstanding loans and the decrease in the cost of carrying liquidity linked to the decrease in outstanding bank deposits, particularly those held at the Banque de France;
- A reversal of impairment losses on investment securities of €687,000, compared with a provision of €277,000 on 30 June 2024, due to the decrease in unrealised capital losses during the first half of 2025, following the tightening of credit spreads on securities in the investment portfolio. Indeed, between 31 December 2024 and 30 June 2025, credit spreads for issuers of securities within the eurozone tightened, including for public sector securities and French Treasury bonds (OATs), albeit without returning to the levels prevailing at the start of 2024. This situation translated into an improvement in the valuation of AFL's

investment portfolio. In accordance with the principle of prudence governing French accounting standards, write-downs on investment securities are recognised when unrealised losses are recorded. At the same time, these provisions cannot be taken as indicators of proven counterparty risk⁸.

- In addition to interest income, there are commissions on cash lines (commitment fees and non-utilisation fees), the net amount of which fell to €81,000, compared to €179,000 in the first half of 2024, and capital gains on the sale of investment securities of €398,000, after taking into account the result of the termination of securities hedging relationships, compared to €282,000 in the first half of 2024.

Net interest margin (NIM), which amounted to €13,385,000 on 30 June 2025, had the following composition:

- €141.5 million in net interest income from hedging instruments on outstanding loans for the first half of 2025, compared with €160.5 million in the first half of 2024. This decline, which is due to the fall in the 3-month Euribor rate between the first half of 2024 and the first half of 2025, conceals the continued increase in outstanding loans generating an increase in interest income at constant prices, as highlighted by the growth in AFL's total net interest margin.
- €28.7 million of interest income net of hedging on assets in the liquidity reserve and collateral management in H1 2025, against €57.3 million of interest expense in H1 2024. This change is principally explained, once again, by the decline in short-term interest rates between the two periods, to which the liquidity reserve assets are indexed. It should be noted that the outstanding amount of the liquidity reserve remained very stable at €2.092 billion on 30 June 2025, compared to €2.103 billion on 30 June 2024.
- €156.8 million of net interest expense after hedging on the loan book reported on AFL's balance sheet, compared to €206.4 million of net interest income in the first half of 2024. This decrease is also explained by the decline from one period to the next in 3-month Euribor, to which all of AFL's debt is indexed, while the volume continued to increase in line with the growth in lending activity.

On 30 June 2025, general operating expenses amounted to €8,365,000, compared with €7,249,000 on 30 June 2024. These expenses included staff expenses of €3,981,000, compared to €3,534,000 for the first half of the previous financial year, and administrative expenses of €4,384,000, compared to €3,715,000 on 30 June 2024, after deducting re-invoicing between AFL and other companies in the AFL Group.

This €669K increase in administrative expenses is notably explained by higher IT fees, linked to the enhancement of AFL's information system, and consulting fees associated with the management of a larger number of projects, required by regulations and by the growth in AFL's activities.

The result on 30 June 2025 takes into account depreciation and amortisation charges of €574,000, compared to €594,000 on 30 June 2024; this stability reflects AFL's maintenance of a relatively constant investment programme from one financial year to the next, focusing mainly on the development of its information systems.

After depreciation and amortisation, gross operating profit on 30 June 2025 stood at €5,624,000, compared to €3,821,000 for the first half of 2024. After taking into account corporation tax of €682,000, compared to €415,000 in the first half of 2024, AFL's net profit on 30 June 2025 was €4,942,000, compared to €3,405,000 on 30 June 2024.

⁸ On the balance sheet date, in accordance with the principle of prudence in accounting under French accounting standards, investment securities are recognised in the balance sheet at their acquisition value or at their realisable value on the balance sheet date, whichever is lower, after taking into account, where applicable, the value of the micro-hedge swap.

Reconciliation of French GAAP accounts with IFRS standards

Transition from French GAAP to IFRS (in thousands of euros)	June 30, 2025
Net profit under French GAAP	4 909
<i>IFRS restatements</i>	
Cancellation of provisions for unrealized losses on investment securities	-687
Cancellation of AT1 interests	1 747
IFRS 9 impairment losses	-36
Hedging inefficiencies of financial instruments	-269
Deferred tax adjustments	-971
Other treatments	-51
Net profit under IFRS	4 643

3.2. AFL financial statements according to IFRS

The first half of 2025 marks a further significant improvement in results, in line with AFL's development trajectory, in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023 and then in 2024. The revenue generation momentum from loan origination is the result of the regular and continuous increase in the value of loans granted to member local authorities.

AFL's medium- and long-term loan origination in the first half of 2025 amounted to €728 million, against €619 million in the first half of 2024. This year-on-year increase in lending volume can be explained by two factors: the steady increase in the number of local authorities that are members of the AFL Group and the continued strong investment momentum among French local authorities, which encourages them to borrow.

On 30 June 2025, net banking income (NBI) generated by the business stood at €15,350,000, compared to €10,694,000 On 30 June 2024. This sharp 44% increase in NBI under international accounting standards finds its explanation in the following factors:

- A marked increase in net interest margin, which rose from €11,492,000 at 30 June 2024 to €15,116,000 at 30 June 2025, mainly due to higher interest income generated by the increase in outstanding loans and the lower cost of carrying liquidity, linked to the decrease in outstanding bank deposits, particularly those held at the Banque de France.
- In addition to interest income, there are commissions on cash lines (commitment fees and non-utilisation fees), the net amount of which fell to €81,000, compared to €179,000 in the first half of 2024, and gains on financial instruments of €153,000, compared to -€976,000 on 30 June 2024. These gains on financial instruments consist of capital gains on disposals of securities at fair value through equity, after taking into account the result of the termination of hedging relationships for €398,000 and hedging inefficiencies for -€269,000, compared to €282,000 and -€1,261,000 respectively on 30 June 2024.

Net interest margin (NIM), which amounted to €15,116,000 on 30 June 2025, had the following composition:

- €141.5 million in net interest income from hedging instruments on outstanding loans for the first half of 2025, compared with €160.5 million in the first half of 2024. This decline, which is due to the fall in the 3-month Euribor rate between the first half of 2024 and the first half of 2025, conceals the continued increase in outstanding loans generating an increase in interest income at constant prices, as highlighted by the growth in AFL's total net interest margin.

- €28.7 million in net interest income from hedging instruments on liquidity reserve and collateral management assets for the first half of 2025, compared to €57.4 million in interest expense in the first half of 2024. This change was again mainly due to the decline in short-term interest rates between the two periods, to which the liquidity reserve assets are indexed. It should be noted that the outstanding amount of the liquidity reserve remained very stable at €2,092 million on 30 June 2025, compared to €2,103 million on 30 June 2024.
- Lastly, €155 million in net interest expense on hedging instruments on outstanding debt carried on the AFL's balance sheet, compared to €206.4 million in interest expense in the first half of 2024. This decrease is also explained by the decline from one period to the next in 3-month Euribor, to which all of AFL's debt is indexed, while the volume continued to increase in line with the growth in lending activity. Interest on debt does not include interest on the deeply subordinated debt issued by AFL in December 2024, which will be recognised directly as a reduction in equity at the time of the annual payment in December 2025. On 30 June 2025, only the amount of the debt was recorded under equity.

During the period, the management of the liquidity reserve portfolio generated €398,000 in income from the sale of securities in the portfolio at fair value through equity, net of the cancellation of interest rate hedging instruments for the securities forming the object of disposals. By way of comparison, in the first half of 2024, portfolio management generated net capital gains on disposals of €282,000.

On 30 June 2025, net gains on financial instruments amounted to €153,000, compared to losses of €976,000 On 30 June 2024. These consisted of two major components: capital gains on disposals of securities at fair value through equity, after taking into account the result of the termination of hedging relationships for €398,000, and the sum of the fair value differences between the hedged items and their hedging instruments for €-269,000. Of these differences, €141,000 related to valuation differences on interest rate hedging instruments classified as macro-hedges, and €410,000 relate to valuation differences on interest rate hedging 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.

On 30 June 2025, general operating expenses amounted to €8,452,000, compared to €7,213,000 on 30 June 2024. These included €3,981,000 in staff expenses, compared to €3,567,000 in the first half of the previous financial year. General operating expenses also included administrative expenses, which amounted to €4,471,000 after re-invoicing to the Société Territoriale, compared to €3,647,000 on 30 June 2024. This €825,000 increase in administrative expenses was mainly due to higher IT fees, linked to the enhancement of the AFL's information system, and consulting fees associated with the management of a larger number of projects, required by regulations and the growth in AFL's activities.

The result on 30 June 2025 accounted for depreciation and amortisation of intangible and tangible fixed assets, which amounted to €566,000, compared to €578,000 on 30 June 2024; This stability reflected AFL's maintenance of a relatively constant investment programme from one financial year to the next, essentially relating to the development of its information systems.

After depreciation and amortisation, gross operating profit on 30 June 2025 stood at €6,332,000, compared to €2,903,000 for the first half of 2024.

The cost of risk relating to ex-ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 represented an expense of €36,000 for the first half of 2025, compared to €255,000

for impairments recorded in the first half of 2024. AFL's cost of risk remains low, given the nature of the assets carried on the balance sheet, with limited changes from one period to the next. These changes were mainly due to the increase in AFL's balance sheet and, in part, to changes in the assumptions used to construct macroeconomic scenarios by asset class. The overall stock of IFRS 9 impairments amounted to €1,571,000 on 30 June 2025, compared to €1,536,000 at 31 December 2024.

After recognising the cost of risk resulting from the application of IFRS 9, operating profit on 30 June 2025 amounted to €6,296,000, compared to €2,648,000 on 30 June 2024.

Lastly, in 2024, tax expenses amounted to €691,000. These had the following composition:

- €682,000 in current corporate income tax expenses;
- €189,000 in deferred tax expenses, corresponding to the taxation of all consolidation entries under the IFRS benchmark;
- €782,000 in expenses linked to the reduction of deferred tax assets, relating to the capitalisation of previously accumulated tax losses. This expense reduced the residual balance of deferred tax assets, which amounted to €1.3 million on 30 June 2025.

After taking into account tax expenses, on 30 June 2025, net income amounted to €4,643,000, compared to €1,957,000 on 30 June 2024.

4. ASSETS ON 30 JUNE 2025 (IFRS REGULATIONS)

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. On 30 June 2025, the majority of AFL's assets consisted of 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 loan origination, the pace of which tends to increase during the third and fourth quarters. On 30 June 2025, liquidity as a percentage of total assets stood at 18.2%, compared to 17.5% on 31 December 2024.

Extracts from the main asset items (IFRS)

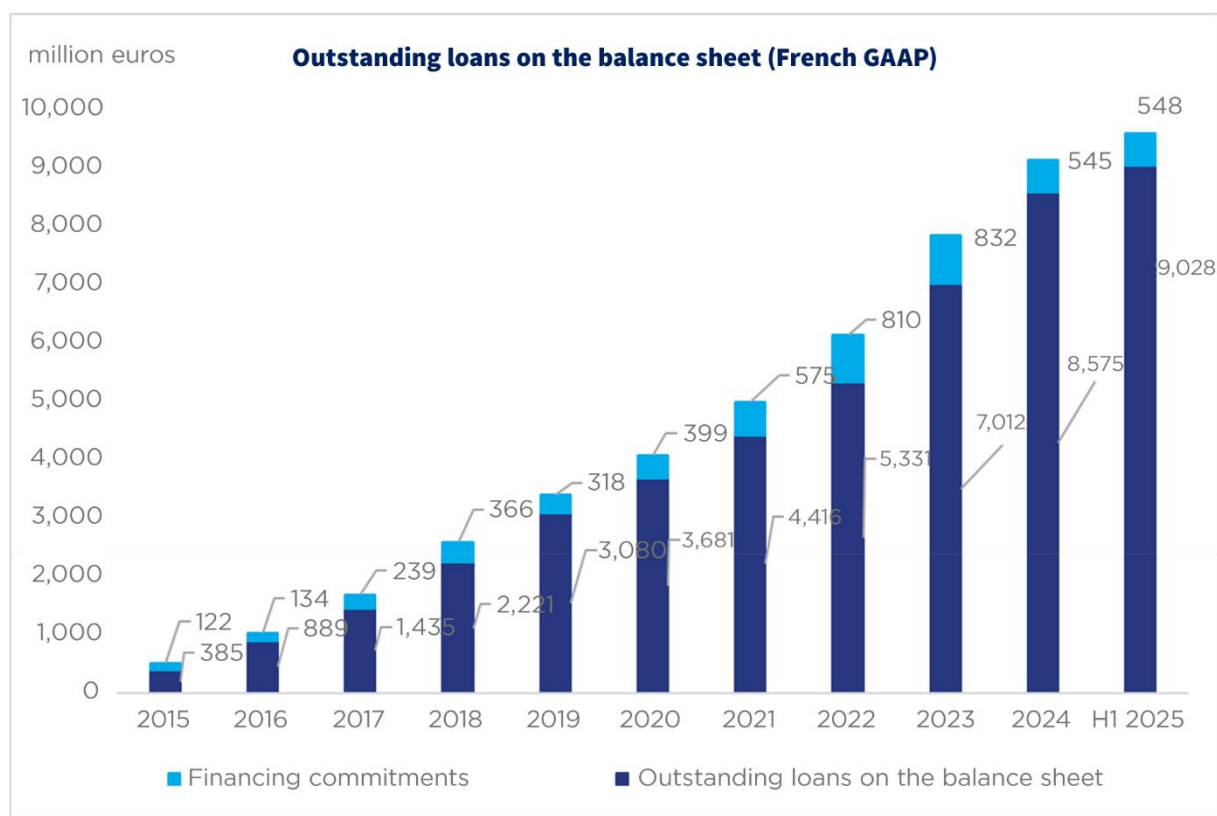
In thousands of euros	June 30. 2025	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020	Dec. 31 2019
Loans and customer transactions	8 666 789	8 247 330	6 576 479	4 690 415	4 166 899	3 831 563	3 160 500
Securities at fair value through other comprehensive income	987 275	763 359	591 496	707 306	876 968	614 697	535 900
Securities held at amortized cost	533 584	465 424	329 201	256 891	258 678	166 864	135 387
Loans and receivables due from credit institution	177 925	194 798	71 509	93 151	250 273	196 955	110 632
Margin calls	60 779	55 670	103 784	177 604	89 930	49 954	79 190
Cash and central banks	392 847	485 842	975 130	1 134 411	748 956	601 746	165 604
Hedging derivative instruments	648 803	676 072	705 064	912 259	655 689	211 916	130 957

4.1. Loans to local authorities

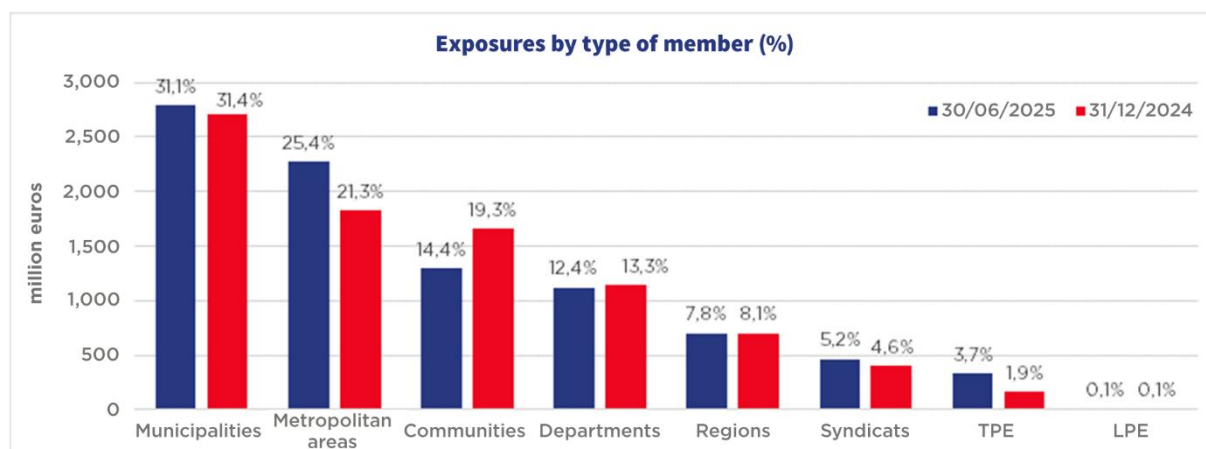
AFL exclusively lends to French local authorities that are shareholders of Société Territoriale. On 30 June 2025, under IFRS accounting standards, the loan portfolio recorded as an asset on AFL's balance sheet represented an outstanding amount of €8,667 million, compared to €8,247 million on 31 December 2024, after taking into account the consequences of interest rate fluctuations (change in the fair value of the hedged interest rate component), due to hedge accounting. This change is the result of the release during the first half of 2025 of part of the loan origination carried out during the 2024 financial year, which was recorded off-balance sheet at 31 December 2024 and had not yet been disbursed, as well as new origination carried out during the period under review. On 30 June 2025, off-balance sheet financing commitments amounted to €548 million, compared to €545 million on 31 December 2024. As a result, total credit commitments to local authorities carried by AFL amounted to €9.215 billion on 30 June 2025, compared to €8.792 billion on 31 December 2024.

The change in the average outstanding amount of the medium- and long-term loan portfolio, expressed on the basis of the outstanding principal (French GAAP accounting standard), is shown in the chart below.

Change in outstanding loans (in millions of euros)



On 30 June 2025, 70.9% of the loan portfolio consisted of exposures to the entire municipal block (against 72.0% on 31 December 2024). Exposure to departments fell from 13.3% on 31 December 2024 to 12.4% on 30 June 2025, and exposure to regions fell from 8.1% on 31 December 2024 to 7.8% on 30 June 2025. Lastly, exposure to EPTs and joint associations fell to 3.7% and 5.2% on 30 June 2025, compared to 1.9% and 4.6% respectively on 31 December 2024.



Among the other characteristics of the loan portfolio, it is worth noting the stability of the residual maturity of outstanding loans, which stood at 15.8 years on 30 June 2025.

4.2. Liquidity reserve

Other balance sheet assets mainly include the liquidity reserve that corresponds to the portion of the resources not yet distributed in the form of credits and retained to support the liquidity of the bank, 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.

On 30 June 2025, the assets comprising the liquidity reserve amounted to €2.092 billion, compared to €1,909 million on 31 December 2024, representing more than 10 months of cash flow requirements.

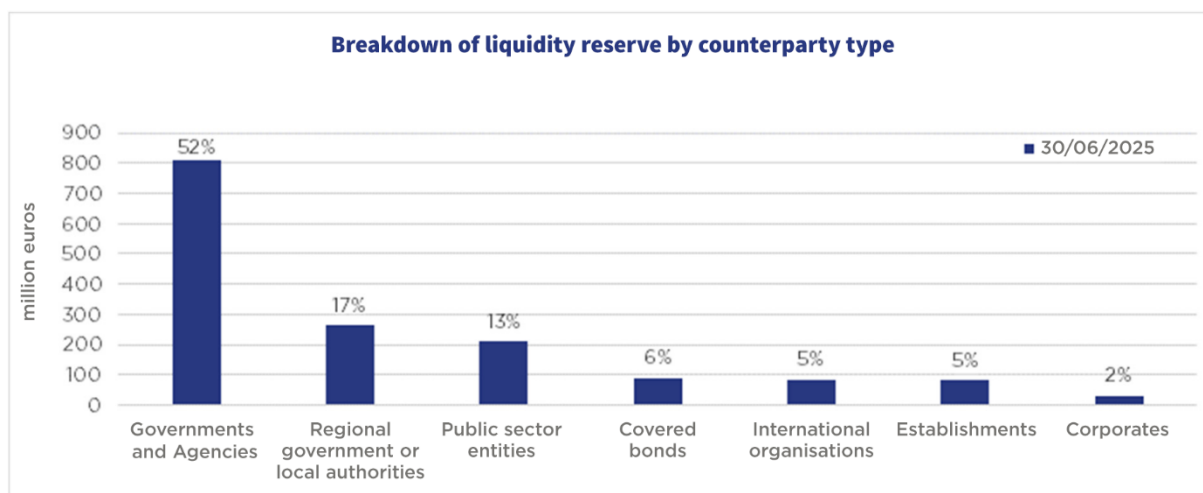
The liquidity reserve is split into two main segments:

- A segment invested in very short-term instruments, mainly deposits on "nostro" accounts with the Banque de France for a total of €571 million; and
- A segment consisting mainly, but not exclusively, of securities with the HQLA⁹ label, due to their rating quality and high degree of liquidity, amounting to €1,521 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. On 30 June 2025, 75% of the liquidity reserve consisted of HQLA assets, compared with 82% on 31 December 2024, with a strong predominance of deposits with the Banque de France and securities issued by sovereign issuers and public agencies, as shown in the chart 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.

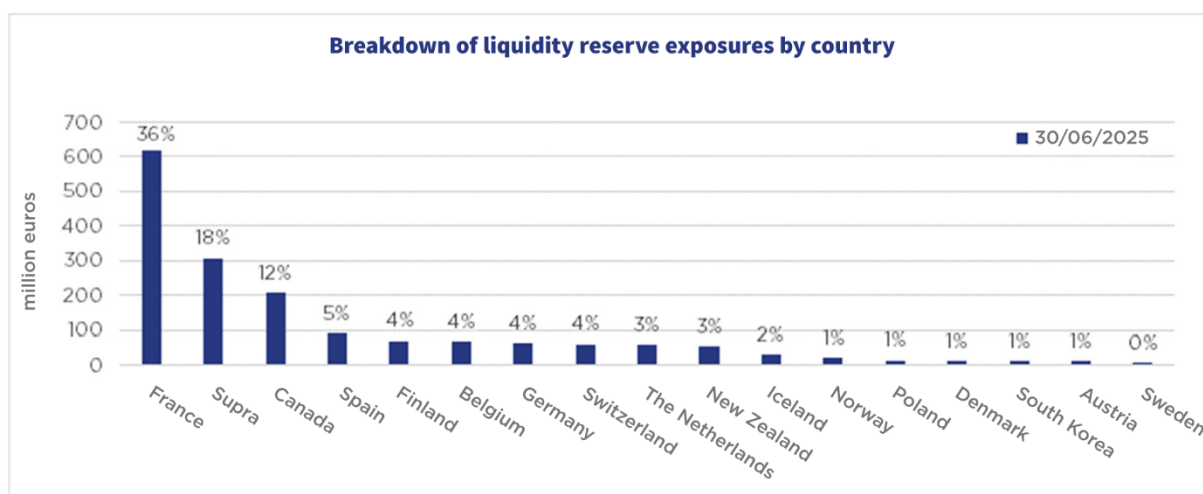
The charts below show the breakdown of liquidity reserve exposures by counterparty type, country, rating and risk class on 30 June 2025.

⁹ High Quality Liquid Assets.

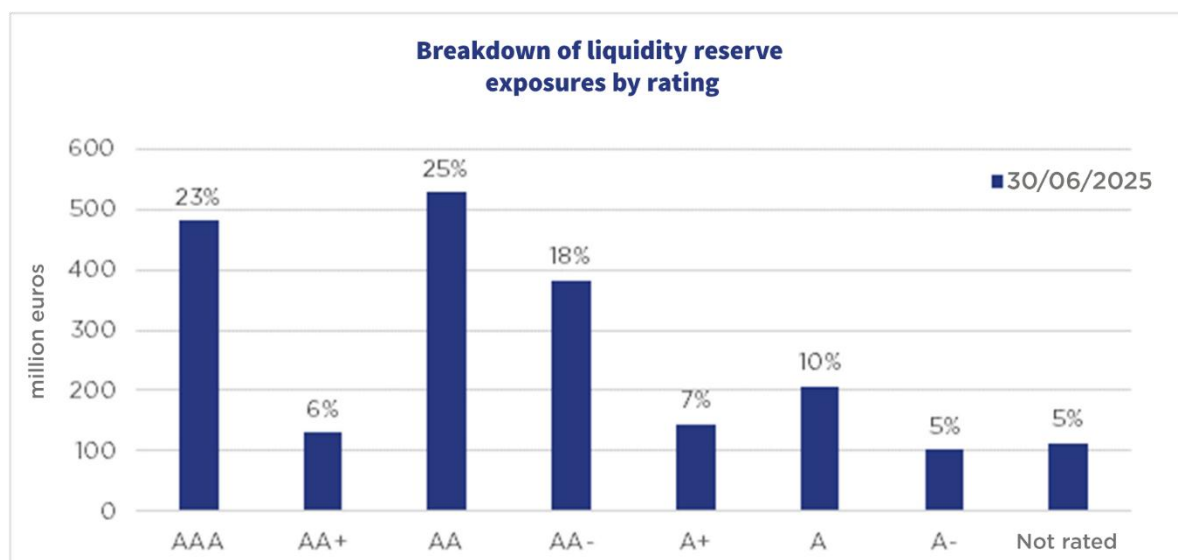


As shown in the graph below, assets held in the liquidity reserves are geographically diversified, though with a significant proportion of French counterparties. The broad regional diversification of the assets invested the cash reserves ensured the latter remained resilient despite volatile capital markets.

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. These latter amounts accounted for €393 million on 30 June 2025 for a total liquidity reserve of €2.092 billion.



The rating of all the exposures that AFL carries in its liquidity reserve remained very high, with 73% rated AA- and above.



4.3. 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 LCH Clearnet clearing house and executes its currency swaps and some interest rate swaps with counterparty banks.

On 30 June 2025, Margin calls paid by AFL amounted to €60.8 million, compared with €55.7 million on 31 December 2024. They correspond for the most part to currency swaps executed by AFL to hedge its currency exposures and reflect an appreciation of these hedging instruments. On 30 June 2025, there were no margin calls paid in association with interest rate swaps carried out with LCH Clearnet. As part of its transactions with the clearing house, however, AFL deposited securities with LCH Clearnet as collateral, with a value of €68.8 million on 30 June 2025, which was stable relative to 31 December 2024.

On 30 June 2025, the fair value of AFL's hedging swaps had the following composition:

In thousands of euros	June 30. 2025	
	Notional	Market value
Interest rate swaps	18 525 101	151 722
Cross currency swaps	1 171 498	-7 188
Total	19 696 599	144 534

4.4. Securitisation

AFL has no exposure to securitisation.

5. LIABILITIES ON 30 JUNE 2025 (IFRS STANDARDS)

AFL's liabilities consisted mainly of debts incurred in the context of bond issues since the start of AFL's activities that have not yet matured.

AFL's equity is the result of regular capital increases following the arrival of new members in AFL-ST.

During the first half of 2025, 2 capital increases were carried out, enabling 87 new local authorities to join AFL-ST. On 30 June 2025, AFL-ST's subscribed capital amounted to €281,642,700, compared to €264,976,700 on 31 December 2024.

The two capital increases by AFL-ST following the new memberships were followed by 2 capital increases at AFL level.

After taking into account retained earnings, AFL's equity amounted to €318.6 million on 30 June 2025, compared to €296.5 million on 31 December 2024.

Excerpts of the main liabilities

In thousands of euros	June 30. 2025	Dec. 31 2024
Debt securities issue	10 375 869	9 817 977
Equity	318 644	296 454

5.1. Financial debt of AFL

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.

On 30 June 2025, outstanding debt, recognised at amortised cost, amounted to €10.376 billion, compared to €9.818 billion on 31 December 2024, after taking into account the impact of interest rate movements since the issue date of these debt instruments due to hedge accounting. This change is explained, on the one hand, to debt issues amounting to €1.3 billion over the period and, on the other hand, to the repayment on 20 June 2025 of the £500 million issue denominated in pounds sterling, which had been made in February 2022.

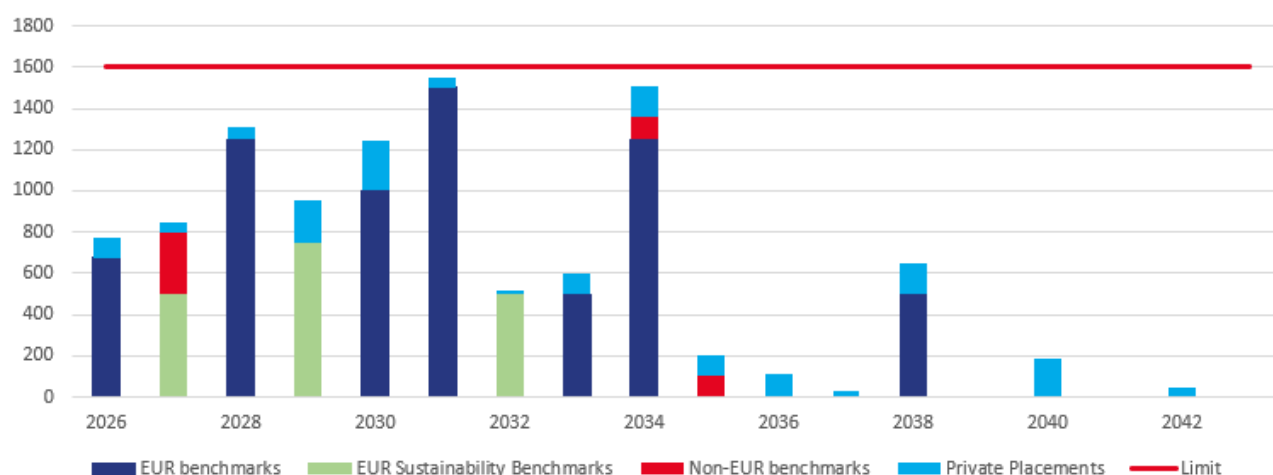
On 30 June 2025, the outstanding medium- and long-term debt had an average maturity of 6.2 years.

In addition to medium- and long-term debt instruments, there were short-term debt securities denominated in euros with an average outstanding amount of €300 million for the half-yearly period.

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

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DEBT PROFILE (€M) as of 30/06/2025



5.2. Deeply subordinated debt securities

In December 2024, AFL issued deeply subordinated debt securities intending to be recognised as additional tier 1 equity capital (*Additional Tier 1*), for a nominal amount of €50 million, with the objective of allowing it to implement its business plan while strengthening its capital base. These instruments will become eligible for Tier 1 capital once AFL, which currently benefits from a waiver under Article 7 of Regulation (EU) 575/2013, as amended notably by Regulation (EU) 2019/876 (the **Regulation** of the CRR Regulations), is supervised at both AFL Group level and at the credit institution level.

5.3. Other liabilities

Margin calls received by AFL in respect of interest rate swaps and currency swaps amounted to €204.1 million on 30 June 2025, compared to €211.7 million on 31 December 2024. This change is explained by a long position in euro interest rate swaps on 30 June 2025, which are mainly cleared through the LCH Clearnet clearing house, and in currency swaps relating to hedging of debt and securities denominated in foreign currencies.

6. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS CONFRONTED

This section describes the main risks that, according to AFL's estimates on the date of this report, could affect AFL's business, financial position, reputation, results or prospects, as identified in particular in the context of the development of the AFL Group's risk mapping. This mapping assesses the criticality of risks, i.e. their severity in terms of operational, financial, legal/regulatory and reputational impact, as well as their probability of occurrence, after taking into account the action plans put in place.

The risks specific to the business are presented by main categories, pursuant to 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.

6.1. Strategic risks

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

In September 2025, there are multiple geopolitical tensions, with conflicts remaining contained. Trade tensions between the United States and a number of countries, as well as conflicts in Ukraine and the Middle East, reflect a fragmentation of the world into blocs with opposing visions. Any change in the situation could destabilise Europe, AFL's main area of activity, and generate volatility in the international financial markets where AFL refinances itself or invests its cash.

In France, government instability and uncertain prospects for budgetary reform have pushed up the risk premium on French government debt since 2024, with public sector and AFL debt following suit. The markets now perceive France more as a peripheral country of the eurozone, widening the gap with German bonds, which are regarded as safer. On 9 September, Sébastien Lecornu was appointed Prime Minister after his predecessor was defeated in a confidence vote in the National Assembly. On 13 September 2025, Fitch Ratings downgraded France's sovereign rating by one notch to A+, triggering a corresponding downgrade of AFL's rating to A+ by the agency. This decision reflects the fiscal and political challenges faced by France. Following Fitch's lead, other agencies could downgrade France's sovereign rating as well as AFL's credit rating. Without a credible fiscal reform, the risk premiums on French government, public sector and AFL debt could remain high, which would weigh on AFL's profitability if it is unable to promptly pass these costs on to its borrowers.

In September 2025, with French growth estimated at +0.6% in 2025 by the European Commission, and +0.9% for the eurozone, the economic environment is generally weak, in a context in which disinflation is well underway, driven both by the ECB's decision to lower key interest rates (the ECB deposit rate is currently 2%) and by the continuation of its quantitative tightening policy. In this context and despite the absence of any sign of monetary easing from the ECB to date, despite the fragility of France's fiscal credibility, which is pushing up risk premiums, and despite the overall upward trend in the markets, a decline in the yield curve – for both short- and long-term rates –

cannot be ruled out. This decline in rates, if it were to occur, would weigh on AFL's capital ratios and net interest margin, although the latter is largely insensitive to interest rates.

With regard to the financial situation of local authorities – AFL's sole borrowers – against a backdrop of falling inflation, the end of the electoral cycle and the crisis in the property market, it is set to deteriorate in 2024, particularly for departments and, to a lesser extent, regions, while remaining satisfactory overall for municipalities and groups with their own tax systems. In 2025 and 2026, the budgetary efforts that will likely be required of local authorities, given that they will have to continue their efforts to restore public finances, could be substantial and could weaken local authorities that are already in difficulty or are small in size. The financial situation of local authorities could continue to deteriorate in the years to come. Even though this deterioration is limited by design – in particular due to the 'golden rule', which requires that French local authorities repay their loans from their operating surpluses – it could have the effect of increasing the amount of AFL's impairments, or even of triggering a default by a Member on its obligations to the Issuer or in the context of its obligations under the Member Guarantee (as mentioned in the risk factor "*AFL is exposed to the credit risk of its borrowers and counterparties.*").

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 factors could significantly affect AFL's loan origination and its earnings.

6.1.2. The competitive environment could affect AFL's activities and may not generate the expected interest among local authorities. AFL carries out its activities exclusively for the benefit of its Member Authorities and hence has no prospects for diversification.

Existing and/or growing competition in the local public sector financing market, notably resulting from players such as the LBP-SFIL-CAFFIL-CDC group, the EIB, the BPCE group or the Crédit Agricole group, or the ability of larger local authorities to access bond markets directly, could lead: (i) to a significant reduction in AFL's profit margins and (ii) to very limited origination of new loans by AFL, which would negatively affect 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 affected by the reluctance of local authorities to join the AFL Group, which requires them to become shareholders of AFL-ST, to pay ICCs and to act as guarantors under the Member Guarantee, or by restrictions on use of indebtedness to which they may be subject. A lack of interest from local authorities could delay AFL's acquisition of the equity capital necessary for developing its business and, in the absence of sufficient ICC payments, slow down the growth of loan origination or even compromise its sustainability, it being specified that in December 2024, AFL issued subordinated debt securities with an indefinite maturity and a nominal value of €50 million, intended to be recognised as additional tier 1 capital of AFL and of the AFL Group.

Pursuant to Article L. 1611-3-2 of the CGCT, AFL carries out its activities for the exclusive benefit of its member local authorities; consequently, it has no prospects for diversification. 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.

6.1.3. 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 15 May 2014, as amended (the **SRR**), 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 credit institutions and investment firms, which aims to enable a wide range of actions to be taken by the competent regulatory authorities in relation to credit 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 under normal terms of either the institution itself or of all or part of its business, without the consent of the shareholders;
- Bridge institutions – allows resolution authorities to transfer all or part of the institution's business to a '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, salvage them;
- 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 minimum capital and eligible liabilities requirements for each credit institution are determined by the resolution panel on the basis of the following criteria, among others:

- the need for the resolution measures taken to meet the resolution objectives in full;
- the need, where applicable, for the credit institution to have a sufficient amount of eligible liabilities to ensure that losses can be absorbed and that the core capital requirement of the credit institution subject to resolution proceedings can be raised to the necessary level, so that it can continue to meet the conditions for its authorisation and carry out the activities for which it has been authorised, and to ensure that market confidence in that credit institution remains sufficient;
- the size, business model, funding model and risk profile of the credit institution;
- the negative effects on financial stability of the failure of the credit institution in question, in particular due to the contagion effect resulting from its interconnectedness with other institutions or with the rest of the financial system.

At its meeting on 24 October 2024, the ACPR Supervisory College reviewed the prudential profile of AFL-ST. Following this annual review, the ACPR College decided not to renew the capital requirement and recommendation that had applied until then, effective from 1 January 2025

onwards. The Agence France Locale Group must therefore hold capital from 1 January 2025 which enables it to meet a total prudential capital requirement of 8%. In addition, the AFL Group is required in principle to hold CET1 capital that enables it to meet the 2.5% capital conservation buffer requirement. Furthermore, it should be recalled that, since 2 January 2024, the High Council for Financial Stability has decided to set the level of the countercyclical capital buffer applicable to French exposures at 1%.

Due, in particular, to its risk profile and business activities, the liquidation strategy has been chosen as the resolution strategy for the AFL Group, and the MREL requirement is thus set at the amount of loss absorption, calculated as the sum of the capital requirements. On 30 June 2025, regulatory capital amounted to €270 million. Given the credit quality of the assets held by the AFL Group, the solvency ratio (CET1) stood at 56.52% on a consolidated basis on 30 June 2025.

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.

6.2. Financial risks

6.2.1. AFL is exposed to three types of liquidity risk

- Liquidity price risk:

This refers to the risk of a deterioration in the refinancing conditions of certain assets, which could generate a loss in net banking income given the mismatch between the maturity of the refinanced assets and the maturity of the liabilities.

Due to the almost total interest rate hedging of AFL's balance sheet, this mismatch results in exposure to the risk of unfavourable changes in credit spreads. Indeed, when applied to a fixed-rate balance sheet, transformation risk, which manifests itself through replacement and refinancing risks, is primarily an interest rate risk but, when applied to a balance sheet that is almost entirely variable, such as that of AFL post-hedging (in which interest rate risk is almost entirely hedged), transformation risk almost entirely represents a spread risk and liquidity risk resulting from the hedges implemented to cover interest rate risk. While the variability of almost all items on AFL's balance sheet based on a 3-month Euribor reference rate makes it possible to neutralise almost all of the interest rate component of the replacement and refinancing risks to which AFL is exposed, this strategy does not neutralise the spread component, to which it remains subject.

A deterioration in macroeconomic conditions (see the risk factors *"The economic, financial and political environment of the markets in which AFL operates or obtains financing may have a significant impact on AFL's financial position and results"*) or a lack of interest on the part of local authorities in the products offered by AFL (see the risk factor *"The competitive environment could affect AFL's activities. This may not generate the expected interest among local authorities. AFL carries out its activities exclusively for the benefit of its Member Authorities and therefore has no prospects for diversification"*), or an operating loss could also entail a downgrading of AFL's rating or an increase in its refinancing costs, which would have an impact on its financial position, mitigated as a function of its ability to pass this on to its borrowers.

On 30 June 2025, the average maturity difference between AFL's assets and liabilities was 1.12 years and the NSFR ratio was 202%.

- 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.

On 30 June 2025, AFL had a liquidity reserve of €2.09 billion, corresponding to an NCRR ratio of 86%, representing AFL's ability to conduct its activities without raising funds on the markets for a 10-month period. On 30 June 2025, AFL's regulatory 30-day liquidity ratio (LCR) stood at 516%.

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), which, starting from 16 June 2025, was replaced by a European refinancing mechanism with the ECB, called ECMS (*European Collateral Management System*). Through this mechanism, the AFL has access to a central bank credit line, accessible at any time by mobilising medium- to long-term loans provided as collateral. 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.

- 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. On 30 June 2025, on the portfolio of financial assets at fair value through equity alone, the net value of which on the balance sheet amounted to €987 million, the impact of losses recognised directly in equity amounted to -€4.8 million, net of deferred tax.

6.2.2. 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 concludes hedging contracts. AFL's interest rate risk hedging policy consists of quasi-systematic micro-hedging or macro-hedging of AFL's debts, loans granted by AFL and securities held in the liquidity reserve to convert them into variable-rate instruments indexed to the 3-month Euribor benchmark, or debts issued by AFL to convert them into variable-rate instruments indexed to the €STR benchmark, using interest rate swaps. The hedging put in place protects the AFL from a uniform rise in the yield curve and from the basis risk associated with the indexation of certain parts of its balance sheet against the €STR; it generates a liquidity risk – depending on interest rate movements – due to margin calls, as well as a credit risk on the counterparty banks to the swaps or the LCH Clearnet clearing house. Lastly, it does not cover the risk of unfavourable changes in credit spreads linked to the fact that the credit spread on AFL's asset exposures does not evolve in the same way as AFL's spread, as described in the risk factor *"AFL is exposed to liquidity risk in its three dimensions"*.

On 30 June 2025, the interest rate risk hedging strategy resulted in a notional outstanding amount of swaps of €18.5 billion. The amount of margin calls received net of margin calls paid by way of interest rate derivatives amounted to -€142.95 million.

On 30 June 2025, the decline in the net present value (NPV) of AFL's equity amounted to -7%, assuming an upward shift of more than 200 basis points in the yield curve, well below the regulatory limit of 15%.

NPV sensitivity – "Former Outlier Test" (as % of Prudential Own Funds)

Interest rate scenario	30/06/2025	31/12/2024	31/12/2023	Limit
Sc. +100bp	-3,6%	-3,6%	-3,6%	±15%
Sc. -100bp	4,0%	3,9%	4,0%	±15%
Sc. -100bp (floor)	4,0%	3,9%	4,0%	±15%
Sc. +200bp	-7,0%	-7,0%	-6,9%	±15%
Sc. -200bp	10,8%	9,3%	9,6%	/
Sc. -200bp (floor)	10,8%	9,3%	9,6%	±15%

AFL has implemented the scenarios for calculating the sensitivity of the net present value (NPV) of its equity to assumptions of non-linear changes in the yield curve (IRRBB). The sensitivity of NPV to these different scenarios on 30 June 2025 is shown in the table below.

NPV sensitivity – 6 BCBS shocks under the IRRBB (as % of Prudential Own Funds)

Interest rate scenario	30/06/2025	31/12/2024	31/12/2023	Limit
Parallel increase +200 bps	-7,0%	-7,0%	-6,9%	±15%
Parallel reduction -200 bps	10,8%	9,3%	9,6%	±15%
Short rates up	-0,7%	-1,1%	0,0%	±15%
Short rates down	3,3%	1,6%	0,1%	±15%
Steepener	-2,6%	-2,2%	-3,3%	±15%
Flattener	1,5%	1,1%	2,3%	±15%

On 30 June 2025, as indicated in the table below, for parallel shocks ranging from minus 200 basis points to plus 200 basis points, the sensitivity of AFL's net interest margin is below the 5% limit of own funds.

Net Interest Income (NII) sensitivity (as % of Prudential Own Funds)	30/06/2025	31/12/2024	31/12/2023
Sc. +100bp	0,2%	-0,1%	0,1%
Sc. -100bp	-0,2%	0,1%	-0,1%
Sc. +200bp	0,4%	-0,2%	0,1%
Sc. -200bp	0,7%	0,3%	-0,2%

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.

Lastly, an exposure remains to interest rate movements, which may notably result from the use of part of AFL's capital in loans granted to local authorities that are not interest rate hedged, certain short-term positions that are not interest rate hedged, and a difference in indexation between, in particular, a portion of the AFL's deposits with the Banque de France remunerated on a daily basis and the AFL's liabilities, or a difference in the fixing dates of interest rate indices among the items on the balance sheet.

Consequently, changes in rates or spreads could have a negative impact on the AFL's net present value or on its future results.

- 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. On 30 June 2025, the notional amount of currency swaps outstanding was €1.2 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. On 30 June 2025, the amount of margin calls paid, net of margin calls received, regarding these hedging instruments was €395,000.

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

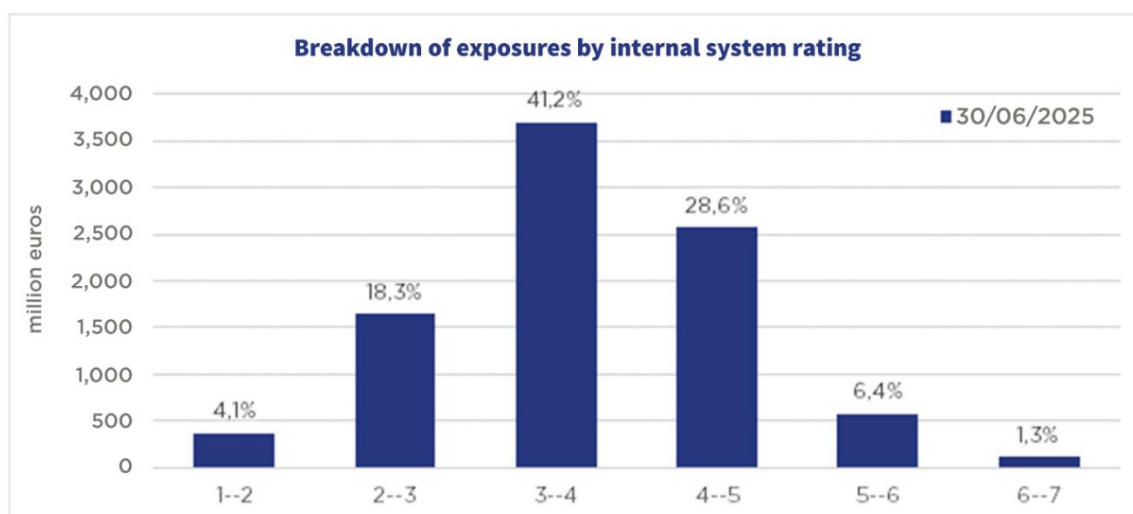
- The credit risk of its borrowers

Pursuant to Article L. 1611-3-2 of the CGCT, AFL carries out its activities for the exclusive benefit of its Member local authorities, which are shareholders of AFL-ST, the parent company of AFL, and guarantors of the financial securities (including debt securities) issued by the AFL up to the amount

of their respective medium- and long-term loans (the “**Member Local Authorities**”). On 30 June 2025, the total amount of credit commitments to local authorities carried by the AFL amounted to €9.215 billion, according to the IFRS benchmark. In accordance with the law, the Member Local Authorities are local authorities, their groupings and local public institutions.

The breakdown by rating of AFL’s portfolio of loans to local authorities revealed a granular and high-quality portfolio. On 30 June 2025, 22.4% of this portfolio is exposed to Member Local Authorities with ratings between 1 and 2.99. The five largest exposures represented 13.3% of the portfolio. The first exposure represented 3.6% of the portfolio and the fifth 2.3%. On 30 June 2025, the average rating of loans granted by the AFL to its Member Authorities, weighted by outstanding amounts, was 3.62 on a scale of 1 to 7 (1 being the best rating and 7 the worst).

The following chart shows the breakdown by rating of the portfolio of loans granted by the AFL to Member Authorities on 30 June 2025:



Current and future Member Authorities have a very limited risk profile due to the institutional rules governing their operations, which are similar across all categories of Member Authorities; consequently, the loans granted by the AFL benefit from this same profile. Nevertheless, a default by a member on its obligations to AFL or on its obligations under the Member Guarantee cannot be ruled out. This risk is heightened in a context in which local authorities are expected to contribute to restoring public finances, which could involve a reduction in the resources granted to them by the French State – see the risk factor “*The economic, financial and political context of the markets in which AFL operates or obtains financing may have a significant impact on AFL’s financial position, on its financial situation and on its results*”.

On 30 June 2025, AFL had a single doubtful debt outstanding for the amount of €30,000.

	30/06/2025				31/12/2024			
	Agence France Locale - SO Solo - IFRS				Agence France Locale - SO Solo - IFRS			
Breakdown according to IFRS 9	Gross exposures (€)		Provisions (€)		Gross exposures (€)		Provisions (€)	
Stage 1	10 944 266 039	98,86%	1 448 777	92,18%	10 431 421 676	99,04%	1 437 061	93,55%
Stage 2	125 620 469	1,13%	122 933	7,82%	100 691 324	0,96%	99 048	6,45%
Stage 3	30 000	0,00%	0	0,00%	-	0,0%	-	0,0%
Total	11 069 916 508	100%	1 571 710	100%	10 532 113 000	100%	1 536 109	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. The AFL is therefore exposed to the potential deterioration of the situation in this sector (see also the risk factor “*The economic, financial and political context of the markets in which AFL operates or obtains financing may have a significant impact on AFL’s financial position and results*”).

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. Although AFL's investment policy is prudent, AFL remains exposed to the risk that the issuers of the securities in which it has invested will be unable to meet their financial obligations or to the resulting increase in spreads, a risk that is heightened in an economic and financial situation that is deteriorating or considered as such by the market. The occurrence of such an event may generate a loss in earnings and weigh on AFL's equity and capital ratios. AFL's exposures are rated very highly, with 73% of exposures rated AA- or higher on the Standard & Poor's scale on 30 June 2025. The average risk weighting of this portfolio was 8.6%. This risk weighting is likely to increase in the event of a downgrade of the French government's credit rating.

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.

6.3. Non-financial risks

6.3.1. AFL is exposed to human capital risks

On account of its model, AFL relies on a limited number of people (44 employees, including 40 on permanent contracts, 4 work-study students and one non-salaried representative on 30 June 2025) to ensure its operational functioning. 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 be a risk to its operational and organisational abilities, or cause a loss of skills, which may have a significant impact on business continuity and future results.

6.3.2. 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 capital requirements for operational risks of the AFL Group amounted to €2.6 million on 30 June 2025.

Communication and information systems are essential to AFL's business and operations due to its specialised activity as a credit 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.

6.3.3. 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 granted to them, and could thus indirectly, as a result of activities carried out by the members, be in non-compliance with certain regulations applicable to it. 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.

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

AFL did not form the object of any significant litigation with any of its counterparties during the six months ended 30 June 2025. 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.

6.4. Risks linked to the effects of climate change

French local authorities have varying degrees of exposure to climate events. The expected increase in the frequency and severity of events linked to the effects of climate change (extreme weather events, such as floods, droughts, heat waves or chronic changes such as coastal erosion) may have a significant impact on local authorities, particularly in certain overseas, mountain or coastal areas. The damage caused by these events, the need to adapt infrastructure, to mitigate the impacts of expected environmental changes and the impacts of climate and transition issues on populations can have a negative impact on local authority budgets through increased investment and operating expenditure and even a decline in revenue, potentially to varying degrees depending on the size of the local authority; these may also increase their financing needs.

In this context, and considering the growing vulnerability of certain territories and the public and private infrastructure that they host, the realisation of such risks could result in a loss of value for the AFL, which is exposed to credit risk relative to local authorities (see also risk factor C. *“AFL is exposed to the credit risk of its borrowers and counterparties”*). AFL has therefore developed a climate vulnerability indicator based on public data sourced mainly from the Ministry for Ecological Transition, INSEE and Météo France. 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.

Developments in financial markets linked to the introduction of ESG requirements are leading to changes in the preferences of debt investors, who are gradually shifting part of their asset allocation towards green or sustainable issues. In order to accompany these developments, AFL has a financing policy that includes the issuance of sustainable bonds in ICMA format and has issued nearly €2 billion in bonds in this format, which mature in September 2025.

7. PRUDENTIAL RATIOS AND EQUITY

7.1. Changes in capital

AFL's prudential requirements are monitored at the consolidated AFL Group level with regard to capital requirements, since the AFL Group has obtained a waiver of Article 7 of Regulation (EU) No. 575/2013, as amended (the “CRR”).

On 30 June 2025, the AFL Group's prudential capital amounted to €270 million, compared to €247.8 million on 31 December 2024, an increase of nearly 9%. This increase is linked to the release of new capital contributions by local authorities of €16.7 million over the half-yearly period and the incorporation of the 2024 financial year results, capitalised in March 2025 at €5.1 million.

7.2. Capital requirement expressed as leverage ratio

The banking leverage ratio stood at 2.43% on 30 June 2025, compared with 2.31% on 31 December 2024, exceeding the AFL Group's risk appetite threshold of 2.25%.

The amended CRR provides a separate definition of the leverage ratio for public developmental lending institutions allowing them to exclude certain assets, such as receivables from regional or local administrations, from the ratio denominator, with a minimum regulatory requirement set at 3%. On 11 March 2021, AFL was recognised by the ACPR as a public developmental lending institution. The leverage ratio for the Agence France Locale Group's “public development institutions” stood at 12.08% on 30 June 2025, well above the regulatory requirement of 3%.

7.3. Capital requirement expressed as a solvency ratio

The standard method of prudential weighting of credit exposures changed in 2024. The Supervisory Council of the ACPR adopted a resolution on 21 June 2024 allowing the municipalities, departments, regions and intercommunal cooperative public establishments (EPCI) to be incorporated into the French central government, with a separate tax status. As a result, AFL's exposures to these local authorities may be subject to a 0% risk weighting.

At its meeting on 24 October 2024, the ACPR Supervisory College reviewed the prudential profile of AFL-ST. Following this annual review, it appears that the application of an additional capital requirement under Pillar 2 (P2R) is no longer appropriate to AFL-ST's current situation. The ACPR Supervisory Board also decided not to renew the capital requirement that had applied until then, effective from 1 January 2025 onwards.

AFL-ST must therefore hold capital enabling it to meet a total capital requirement of 8% under Pillar 1. In addition, it must hold CET1 capital enabling it to meet the 2.5% capital conservation buffer requirement. Furthermore, it should be noted that, since 2 January 2024, the High Council for Financial Stability has decided to set the level of the countercyclical capital buffer applicable to French exposures at 1%.

With a CET1 ratio of 56.52% on 30 June 2025, compared with 62.75% on 31 December 2024, the Agence France Locale Group exceeds the applicable prudential requirements.

7.4. Minimum requirement for eligible capital and liabilities

On 17 December 2020, the ACPR Resolution Council determined the AFL Group's minimum equity capital requirement and eligible commitments (MREL). Due, in particular, to its risk profile and activity, the liquidation strategy was chosen as the resolution strategy for the AFL Group, with the MREL requirement thus limited to the loss absorption amount, calculated as the sum of the capital requirements seen in the preceding paragraph.

8. OUTLOOK AND EVENTS OCCURRING AFTER 30 JUNE 2025

8.1.1. Financial market activities during the second half of 2025

Since the end of the first half of the financial year, AFL has made 2 additional contributions to existing bond issues, 3 private placements and a new syndicated issue denominated in sterling, for a total of €785 million. The 2 additions concern the 2032 bond for €100 million and the 2038 bond for €250 million. These transactions were carried out at margins over OATs of plus 17 and plus 16 basis points respectively. The three private placements consisted of a €57 million issue with a 25-year maturity, callable after 10 years, at a margin of OAT plus 2 basis points, and two FRN issues with a maturity of 11 years and amounts of €20 million and €10 million at OAT plus 10 basis points for the first and OAT minus 3 basis points for the second. Lastly, the £300 million issue with a maturity of 3.5 years was made at a margin equivalent to OAT plus 15 basis points.

To date, AFL has raised €2,074 million since the beginning of the year at a margin of OAT plus 15 basis points.

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

8.1.2. Loan origination since 30 June 2025

On 16 September 2025, AFL's medium- and long-term loan origination reached 1,026 million euros, continuing its steady and solid growth.

8.1.3. Capital increase

A new capital increase was authorised by the AFL-ST Board of Directors on 23 September 2025 to allow new local authorities to join, bringing the number of capital increases carried out by AFL-ST since its creation to 45. At the same time, the AFL Executive Board initiated a capital increase at the level of AFL.

8.1.4. Long-term rating downgrade

After lowering France's long-term rating from AA- to A+ on 13 September 2025, Fitch Ratings then reduced the ratings of issuers aligned with that of the State, including AFL. AFL's long-term rating is now A+ with a stable outlook by Fitch Ratings, while the short-term rating remains F1+ with a stable outlook.

9. CERTIFICATION OF THE HALF-YEARLY REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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, 23 September 2025

Mr Thiébaut Julin

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



Half-yearly financial statements

AGENCE FRANCE LOCALE

BALANCE SHEET

Assets as of 30th of June 2025

(€ '000s)	Notes	30/06/2025	31/12/2024
Cash and central banks	2	392,868	485,873
Government paper and similar securities	1	1,161,263	1,106,035
Receivables on credit institutions	2	177,311	193,965
Loans and advances to customers	4	9,027,835	8,574,556
Bonds and other fixed income securities	1	385,697	158,110
Equities and other variable income securities			
Investments in non-consolidated companies and other long-term investments			
Investments in consolidated companies		12,500	12,500
Intangible assets	5	2,860	2,485
Property, plant and equipment	5	203	199
Other assets	6	61,434	57,315
Accruals	6	250,679	283,340
TOTAL ASSETS		11,472,648	10,874,377

Liabilities as of 30th of June 2025

(€ '000s)	Notes	30/06/2025	31/12/2024
Central banks			
Due to banks	3	0.03	0.2
Customer borrowings and deposits			
Debt securities	7	10,726,304	10,161,673
Other liabilities	8	215,085	216,860
Accruals	8	209,864	198,719
Provisions	9	139	139
Subordinated debt	10	51,886	50,136
General banking risk fund (GBRF)			
Equity (excluding GBRF)	11	269,370	246,849
Share capital		258,649	241,069
Additional paid-in capital			
Reserves and retained earnings		289	
Revaluation differences			
Regulated provisions and investment subsidies			
Retained earnings (+/-)		5,491	
Net income for the period (+/-)		4,942	5,780
TOTAL LIABILITIES		11,472,648	10,874,377

INCOME STATEMENT

(€ '000s)	Notes	30/06/2025	30/06/2024	31/12/2024
+ Interest and similar income	13	189,592	236,458	457,737
- Interest and similar expenses	13	(176,206)	(224,979)	(433,919)
+ Income from variable income securities				
+ Fee and commission income	14	177	287	441
- Fee and commission expenses	14	(97)	(108)	(215)
+/- Net gains (losses) on held for trading portfolio	15	(433)	32	48
+/- Net gains (losses) on placement portfolio	15	1,530	(27)	(1,604)
+ Other banking income				
- Other banking expense				
NET BANKING INCOME		14,562	11,663	22,488
- General operating expenses	16	(8,365)	(7,249)	(14,745)
+ Other operating income				
- Depreciation and amortization	5	(574)	(594)	(1,191)
GROSS OPERATING INCOME		5,624	3,821	6,552
- Cost of risk				
OPERATING INCOME		5,624	3,821	6,552
+/- Net gains (losses) on fixed assets	17			(1)
PRE-TAX INCOME ON ORDINARY ACTIVITIES		5,624	3,821	6,551
+/- Net extraordinary items				
- Income tax charge		(682)	(415)	(772)
+/- Net allocation to FGBR and regulated provisions				
NET INCOME		4,942	3,405	5,780
Basic earnings per share		1.80	1.42	2.26

OFF-BALANCE SHEET

(€ '000s)

COMMITMENTS GIVEN AND RECEIVED	Notes	30/06/2025	31/12/2024
Commitments given		617,149	613,459
Financing commitments		548,394	544,884
Guarantee commitments		68,755	68,574
Commitments on securities			
Commitments received		1,623	1,691
Financing commitments			
<i>Commitments received from credit institutions</i>			
Guarantee commitments		1,623	1,691
Commitments on securities			
Derivatives	12	19,696,599	19,121,255

NOTES TO THE HALF YEAR INDIVIDUAL ACCOUNTS

I - Publication context

The half year financial statements were approved by the Executive Board on September 10, 2025.

II - Highlights from the first half year

The first half of 2025 marks a further increase in results linked to the credit activity, which is part of the AFL's development trajectory in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023 and then in 2024. The increase in income generation from the credit activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of credits granted to Member local authorities.

The production of medium and long-term loans carried out by the AFL in the first half of 2025 amounted to 728 million euros compared to 619 million euros in the first half of 2024. This increase in the production volume from one year to the next is explained by two items: 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, which encourages the latter to resort to borrowing.

During the first months of 2025, AFL focused on eight private placements totaling €183 million with maturities ranging from 4 to 12 years. In addition, there was a syndicated issue denominated in Swiss francs with a 10-year maturity of €100 million. In May, AFL carried out an issue of €500 million at 8 years at OAT plus 18 basis points, followed by two top-ups of €250 million each, in the 2034 and 2029 issues, at a margin against OAT of 16 and 20 basis points respectively. As of June 30, 2025, AFL has raised €1,289 million, or 56% of its needs for the year 2025, at an average margin against OAT of 15.7 basis points and an average life of 7.6 years.

During the first half of the year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €17.6 million through two capital increases, bringing AFL's share capital from €241.1 million as of January 1, 2025, to €258.7 million as of June 30, 2025. The AFL Group now has 1,131 members, including 87 new local authorities, which joined the AFL Group during the first half of 2025.

As of June 30, 2025, the net banking income (NBI) generated by the activity stands at €14,562K compared to €11,663K at the end of June 2024. This strong 25% increase in NBI in the French accounting framework is explained by the following elements:

- A marked increase in the net interest margin from €11,479K as of June 30, 2024 to €13,385K as of June 30, 2025, and which is explained, firstly, by the increase in interest income generated by the increase in outstanding credit and secondly by the significant decrease in the cost of carrying liquidity linked to the reduction in outstanding bank deposits and in particular the amount outstanding at the Banque de France;
- Reversals of impairments on investment securities, which increased from an allocation of €277K as of June 30, 2024 to a reversal of €687K one year later, due to the decrease in unrealized losses during the period, following the tightening of credit margins on securities in the investment portfolio. This situation is the result of the contraction of the Bund/OAT spread and, more generally, the tightening of spreads observed throughout the eurozone. We are also seeing a significant improvement in credit risk on our banking exposures and covered assets. In accordance with the principle of prudence that governs the French accounting standards framework, impairments on investment securities are recognized when unrealized losses are recognized. However, these impairments are not indicators of proven counterparty risk;
- A slight increase in capital gains from sales of investment securities from the management of the liquidity reserve, to €398K as of June 30, 2025, compared to €282K a year earlier;
- Finally, a decrease in net commissions of €98K with €179K at the end of the first half of 2024 compared to only €81K at June 30, 2025, due in particular to the decrease in non-use and commitment commissions linked to the reduction in the volumes of cash lines of credit.

In detail, the net interest margin of €13,385K comes from three elements:

- €141.5 million in net interest income from hedging instruments, on outstanding loans for the first half of 2025, compared to €160.5 million in the first half of 2024. This apparent decrease is the result of the fall in the 3-month Euribor rate between the first half of 2024 and the first half of 2025. This decrease conceals the continued increase in outstanding loans generating an increase in interest income at constant prices, as highlighted by the increase in AFL's total net interest margin;
- €28.7 million in net interest income from hedging instruments on the liquidity and collateral management reserve assets for the first half of 2025, compared to €57.3 million in interest expenses in the first half of 2024. This change is again mainly explained by the period-on-period decline in short-term rates, to which the liquidity reserve assets are indexed. It should be noted that the outstanding amount of the liquidity reserve remained very stable at €2,117 million as of June 30, 2025, compared to €2,162 million as of June 30, 2024;
- Finally, €156.8 million in net interest charges from hedging instruments, on the outstanding debt that AFL carries on its balance sheet, compared to €206.4 million in interest charges in the first half of 2024. This decrease is also explained by the period-on-period decrease in the 3-month Euribor to which all of AFL's debt is indexed, while the increase in volume continues in line with the growth in credit activity.

As of June 30, 2025, general operating expenses amounted to €8,365K, compared to €7,249K a year earlier. These expenses include personnel costs of €3,981K, compared to €3,534K for the first half of the previous year, and administrative expenses of €4,384K, compared to €3,715K as of June 30, 2024, once re-invoicing between AFL and AFL-ST and transfers of expenses have been deducted.

This increase in administrative costs of €669K is explained in particular by an increase in IT fees, linked to the enhancement of the AFL's information system, and consultancy fees associated with the management of a greater number of projects, required by regulations and by the growth of AFL's activities.

The result as of June 30, 2025 takes into account depreciation charges which amount to €574K compared to €594K as of June 30, 2024; stability which reflects the AFL's maintenance of a relatively constant 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, 2025 stands at €5,624K compared to €3,821K for the first half of 2024. After taking into account corporate tax of €682K compared to €415K in the first half of 2024, AFL's net income as of June 30, 2025 shows a net profit of €4,942K compared to €3,405K as of June 30, 2024.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2025 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 applied 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.

Accounting principles and methods

The accounting principles and methods applied in drawing up these half-yearly financial statements are identical to those applied at 31 December 2024.

Identity of the parent company consolidating the accounts of the Agence as of June 30, 2025

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

IV - Notes to the Balance Sheet

Note 1 - PORTFOLIO

(€ '000s)

30/06/2025	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	1,160,956	385,120		1,546,076
Unlisted securities				
Accrued interest	6,035	1,259		7,294
Impairment	(5,728)	(682)		(6,410)
Net carrying amount	1,161,263	385,697	-	1,546,960
Residual net Premium/Discount	(29,317)	(5,561)		(34,878)

31/12/2024				
Fixed or variable income securities				
Listed securities	1,103,351	157,819		1,261,171
Unlisted securities				
Accrued interest	8,917	1,155		10,072
Impairment	(6,233)	(864)		(7,097)
Net carrying amount	1,106,035	158,110	-	1,264,146
Residual net Premium/Discount	(21,244)	1,106		(20,138)

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 30/06/2025	Total 31/12/2024
Government paper and similar securities								
Net amount	67,865	72,397	558,397	456,569	1,155,228	6,035	1,161,263	1,106,035
NET CARRYING AMOUNT	67,865	72,397	558,397	456,569	1,155,228	6,035	1,161,263	1,106,035
Bonds and other fixed income securities								
Net amount	50,069	146,035	143,016	45,318	384,438	1,259	385,697	158,110
NET CARRYING AMOUNT	50,069	146,035	143,016	45,318	384,438	1,259	385,697	158,110

Analysis by type of portfolio

Portfolio	Gross amount 31/12/2024	Additions	Disposals	Transfers and other movements	Prem/Disc Amort.	Change in accrued interest	Impairment	Total 30/06/2025	Unrealized gains/(losses)
(€ '000s)									
Transaction									
Held-for-sale	788,736	468,721	(249,500)	(1,250)	2,853	(2,228)	624	1,007,955	(26,675)
Investment	475,410	80,952	(11,707)	(7,054)	1,890	(551)	63	539,004	(8,185)
NET CARRYING AMOUNT	1,264,146	549,673	(261,207)	(8,304)	4,743	(2,778)	687	1,546,960	(34,860)
Of which Premium/Discount	(20,138)	(19,095)	(600)	211	4,743			(34,878)	

Note 2 -RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

	30/06/2025	31/12/2024
(€ '000s)		
Mandatory reserve deposits with central banks	392,868	485,873
Other deposits		
Cash and central banks	392,868	485,873

Receivables on credit institutions

	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2025	Total 31/12/2024
(€ '000s)								
Credit institutions								
Loans and receivables								
- demand	116,761				116,761	197	116,958	133,668
- time	60,000				60,000	352	60,352	60,297
Securities bought under repurchase agreements								
TOTAL	176,761	-	-	-	176,761	550	177,311	193,965
Impairment								
NET CARRYING AMOUNT	176,761	-	-	-	176,761	550	177,311	193,965

Note 3 - DUE TO CREDIT INSTITUTIONS

	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2025	Total 31/12/2024
(€ '000s)								
Credit institutions								
Accounts and Overdrafts								
- demand	0.03				0.03		0.03	0.2
- time								
Securities sold under repurchase agreements								
TOTAL	0.03	-	-	-	0.03	-	0.03	0.2

Note 4 - LOANS AND ADVANCES TO CUSTOMERS

	30/06/2025	31/12/2024
(€ '000s)		
Short-term credit facilities	73,312	64,148
Other loans	8,954,523	8,510,408
Customers transactions before impairment charges	9,027,835	8,574,556
Impairment		
Net carrying amount	9,027,835	8,574,556
<i>Of which related receivables</i>	24,984	24,854
<i>Of which gross doubtful receivables</i>		
<i>Of which gross non-performing doubtful receivables</i>		

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

	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 30/06/2025
(€ '000s)								
Loans and advances to customers	219,418	194,768	399,396	2,595,437	5,593,832	9,002,851	24,984	9,027,835

Note 5 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible assets	31/12/2024	Additions	Transfers	Disposals	Amort.	Impairments	Other movements	30/06/2025
Intangible assets	15,707	152						15,859
Start-up costs	-							-
IT development costs	15,544	152						15,697
Web site	163							163
Software	-							-
Intangible assets in progress	76	761						837
Intangible assets amortisation	(13,297)				(539)			(13,837)
Net carrying amount	2,485	914			(539)			2,860

Property, plant & equipment	31/12/2024							30/06/2025
Property, plant & equipment	530	39		(9)				561
Tangible assets in progress	-							-
Tangible assets amortization	(332)			9	(34)			(358)
Net carrying amount	199	39		-	(34)			203

Note 6 - OTHER ASSETS AND ACCRUALS

	30/06/2025	31/12/2024
(€ '000s)		
Other assets		
Cash collateral paid	61,232	56,123
Other assets	202	1,192
Impairment		
Net carrying amount	61,434	57,315
Accruals		
Deferred charges on bond issues	97,929	78,245
Deferred charges on hedging transactions	51,378	40,425
Prepaid charges	979	868
Accrued interest not yet due on hedging transactions	82,621	125,475
Other deferred income	98	12
Other accruals	17,674	38,315
TOTAL	250,679	283,340

Note 7 - DEBT SECURITIES

	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2025	Total 31/12/2024
(€ '000s)								
Negotiable debt securities	100,000	50,000			150,000		150,000	100,000
Bonds		675,000	3,932,800	5,901,732	10,509,531	66,772	10,576,304	10,061,673
Other debt securities					-		-	-
TOTAL	100,000	725,000	3,932,800	5,901,732	10,659,531	66,772	10,726,304	10,161,673

Note 8 - OTHER LIABILITIES and ACCRUALS

	30/06/2025	31/12/2024
(€ '000s)		
Other liabilities		
Cash collateral received	204,104	211,736
Miscellaneous creditors	10,981	5,124
TOTAL	215,085	216,860
Accruals		
Transaction to pay and settlement accounts		10
Premium EMTN issue	16,107	18,835
Unrealised gains on hedging instruments	111,985	94,520
Unearned income	461	471
Accrued expenses on hedging instruments	49,639	56,221
Other accrued expenses		
Other accruals	31,672	28,662
TOTAL	209,864	198,719

Note 9 - PROVISIONS

	Balance as of 31/12/2024	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2025
(€ '000s)						
Provisions						
Financing commitment execution risks						
Provisions for employee retirement and similar benefits	139	-	-	-	-	139
Provisions for other liabilities to employees						
Other provisions						
TOTAL	139	-	-	-	-	139

Note 10 - SUBORDINATED DEBTS

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2025	Total 31/12/2024
Subordinated term debts					-		-	-
Perpetual subordinated debts ⁽¹⁾				50,000	50,000	1,886	51,886	50,136
TOTAL	-	-	-	50,000	50,000	1,886	51,886	50,136

(1) Residual term of perpetual subordinated debts are defined by default at more than 5 years.

Note 11 - 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 31/12/2023	221,700		-	-	-	-	(20,905)	7,534	208,328
Change in share capital	32,741								32,741
Change in share premium and reserves									
Allocation of 2023 net profit							7,534	(7,534)	
Net income as of 31/12/2024								5,780	5,780
Other changes	(13,372) ⁽¹⁾						13,372		
Balance as of 31/12/2024	241,069		-	-	-	-	-	5,780	246,849
Dividend paid for 2024									
Change in share capital	17,579 ⁽²⁾								17,579
Change in share premium and reserves									
Allocation of 2024 net profit		289					5,491	(5,780)	
Net income as of 30/06/2025								4,942	4,942
Other changes									
Balance as of 30/06/2025	258,649	289	-	-	-	-	-	4,942	269,370

(1) 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.

(2) The share capital of Agence France Locale which amounts on 30 of June, 2025 to € 258,648,750,80 consists of 2,745,228 shares. The Company carried out two capital increases during the first year-half 2025 subscribed on 13th March for € 9,100K and on 18th June 2025 for €8,480K.

Note 12 - DERIVATIVES

Outstanding notional and Fair value

(€ '000s)	30/06/2025				31/12/2024			
	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	19,400,599	144,217	296,000	307	18,833,255	157,660	288,000	3
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	19,400,599	144,217	296,000	307	18,833,255	157,660	288,000	3
Interest rate contracts	18,229,101	151,405	296,000	307	17,116,561	170,942	288,000	3
FRA								
Cross Currency Swaps	1,171,498	(7,188)			1,716,695	(13,282)		
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 30/06/2025 17,718,845 (€ '000s)

Amount of macro-hedge transaction as of 30/06/2025 1,681,754 (€ '000s)

Amount of trading transaction as of 30/06/2025 296,000 (€ '000s)

Notional amount by maturity

(€ '000s)	30/06/2025					
	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	1,811,607	5,303,745	12,285,248	20,000	236,000	40,000
Organised markets	-	-	-	-	-	-
Interest rate contracts						
Other contracts						
Over-the-counter markets	1,811,607	5,303,745	12,285,248	20,000	236,000	40,000
Interest rate contracts	1,761,630	4,807,098	11,660,374	20,000	236,000	40,000
FRA						
Cross Currency Swaps	49,977	496,647	624,874			
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 13 - INTEREST INCOME AND EXPENSES

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Interest and similar income	189,592	236,458	457,737
Due from banks	10,078	35,683	55,569
Due from customers	135,700	148,166	298,968
Bonds and other fixed income securities	21,226	23,646	47,199
<i>from Held-for-sale securities</i>	13,509	15,818	30,602
<i>from Investment securities</i>	7,716	7,829	16,598
Macro-hedge transactions	20,045	23,380	46,439
Other interest income	2,543	5,583	9,561
Interest and similar expenses ⁽¹⁾	(176,206)	(224,979)	(433,919)
Due to banks	(2,630)	(1,983)	(4,571)
Debt securities	(156,767)	(206,389)	(396,481)
Macro-hedge transactions	(14,268)	(11,033)	(23,318)
Other interest expenses	(2,541)	(5,574)	(9,549)
Interest margin	13,385	11,479	23,818

⁽¹⁾ As of June 30, 2025, the net interest and similar charges on subordinated debt amounted to €1,750K, compared to €139K as of December 31, 2024.

Note 14 - NET FEE AND COMMISSION INCOME

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Commission income	177	287	441
Interbank transactions			
Customer transactions	177	287	441
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee			
Other commissions recieved			
Commission expenses	(97)	(108)	(215)
Interbank transactions	(15)	(25)	(42)
Securities transactions			
Forward financial instruments transactions	(82)	(83)	(172)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net fee and commission income	81	179	227

Note 15 - ANALYSIS OF GAINS AND LOSSES ON PORTFOLIO TRANSACTIONS

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Gains/(losses) on Trading book			
Gains/(losses) on forward financial instruments	(445)	31	44
Gains/(losses) on foreign currency transactions	12	1	4
Gains or (losses) on trading portfolio	(433)	32	48
Gains/(losses) from disposal of held-for-sale securities	843	251	461
Other income/(expenses) from held-for-sale securities			
Impairment (charges) and reversals on held-for-sale securities	687	(277)	(2,066)
Gains or (losses) on held-for-sale portfolio	1,530	(27)	(1,604)

Note 16 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Employee expenses			
Wages and salaries	2,554	2,299	4,689
Post-employment benefit expenses	255	225	450
Other expenses	1,171	998	2,052
Total Employee expenses	3,981	3,522	7,192
Operating expenses			
Taxes and duties	252	279	517
External services	4,227	3,534	7,220
Total Administrative expenses	4,480	3,813	7,737
Charge-backs	(95)	(86)	(184)
Total General operating expenses	8,365	7,249	14,745

Following the entry into force of ANC Regulation No. 2022-06 of November 4, 2022, for fiscal years beginning on or after January 1, 2025, the AFL no longer applies the cost transfer technique in accordance with the new regulations. Consequently, the amounts that were previously transferred are now directly recorded as a reduction in the expense accounts to which they relate.

The AFL decided to apply ANC Regulation No. 2022-06 retrospectively, which led to restatements that had the following impacts on the notes relating to general operating expenses as of June 30, 2024, and December 31, 2024 :

(€ '000s)	30/06/2024 Published	Restatement of reclassification of administrative expenses in accordance with Regulation No. 2022-06	30/06/2024 Restated
Employee expenses			
Wages and salaries	2,311	(12)	2,299
Post-employment benefit expenses	225	-	225
Other expenses	998	-	998
Total Employee expenses	3,534	(12)	3,522
Operating expenses			
Taxes and duties	279	-	279
External services	4,716	(1,181)	3,534
Total Administrative expenses	4,994	(1,181)	3,813
Charge-backs and reclassification of administrative expenses	(1,279)	1,193	(86)
Total General operating expenses	7,249	-	7,249

	31/12/2024 Published	Restatement of reclassification of administrative expenses in accordance with Regulation No. 2022-06	31/12/2024 Restated
(€ '000s)			
Employee expenses			
Wages and salaries	4,711	(22)	4,689
Post-employment benefit expenses	450	-	450
Other expenses	2,052	-	2,052
Total Employee expenses	7,214	(22)	7,192
Operating expenses			
Taxes and duties	517	-	517
External services	9,646	(2,426)	7,220
Total Administrative expenses	10,163	(2,426)	7,737
Charge-backs and reclassification of administrative expenses	(2,632)	2,448	(184)
Total General operating expenses	14,745	-	14,745

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

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
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)
Charge of impairment			
Total Losses on fixed assets	-	-	(1)
TOTAL	-	-	(1)

Note 18 - INCOME TAX CHARGE

The standard method for current tax has been chosen for report individual accounts.

Note 19 - RELATED PARTIES

There are, on 30 June 2025, 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 territoriale at normal market conditions.

AGENCE FRANCE LOCALE
Half-year consolidated financial statements (IFRS)

BALANCE SHEET

Assets as of June 30, 2025

(€ '000s)	Notes	30/06/2025	31/12/2024
Cash, central banks	5	392,847	485,842
Financial assets at fair value through profit or loss	1	4,777	6,056
Hedging derivative instruments	2	648,803	676,072
Financial assets at fair value through other comprehensive income	3	987,275	763,359
Securities at amortized cost	4	533,584	465,424
Loans and receivables due from credit institutions and similar items at amortized cost	5	238,704	250,468
Loans and receivables due from customers at amortized cost	6	8,666,789	8,247,330
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			
Deferred tax assets	7	3,126	4,354
Accruals and other assets	8	3,325	4,422
Intangible assets	9	1,852	1,496
Property, plant and equipment	9	11,185	10,788
Goodwill			
TOTAL ASSETS		11,492,266	10,915,611

Liabilities as of June 30, 2025

(€ '000s)	Notes	30/06/2025	31/12/2024
Central banks			
Financial liabilities at fair value through profit or loss	1	4,470	6,054
Hedging derivative instruments	2	506,681	518,313
Debt securities	10	10,375,869	9,817,977
Due to credit institutions	11	204,104	211,737
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		76,019	57,527
Current tax liabilities		683	
Deferred tax liabilities	7	1,337	1,621
Accruals and other liabilities	12	4,296	5,765
Provisions	13	163	162
Equity		318,644	296,454
Equity, Group share		318,644	296,454
Share capital and reserves		258,649	241,069
Consolidated reserves		58,685	53,296
Gains and losses recognised directly in equity		(3,333)	(3,301)
Profit (loss) for the period		4,643	5,390
Non-controlling interests			
TOTAL LIABILITIES		11,492,266	10,915,611

Income statement

(€ '000s)	Notes	30/06/2025	30/06/2024	31/12/2024
Interest and similar income	15	189,576	236,472	457,728
Interest and similar expenses	15	(174,461)	(224,980)	(433,783)
Fee & Commission Income	16	177	287	441
Fee & Commission Expense	16	(97)	(108)	(215)
Net gains (losses) on financial instruments at fair value through profit or loss	17	(690)	(1,227)	(747)
Net gains or losses on financial instruments at fair value through other comprehensive income	18	843	251	461
Net gains and losses on derecognition of financial assets at amortised cost				
Income on other activities				
Expenses on other activities				
NET BANKING INCOME		15,350	10,694	23,886
Operating expenses	19	(8,452)	(7,213)	(14,816)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(566)	(578)	(1,252)
GROSS OPERATING INCOME		6,332	2,903	7,818
Cost of risk	20	(36)	(255)	(378)
OPERATING INCOME		6,296	2,648	7,440
Net gains and losses on other assets	21			(1.0)
INCOME BEFORE TAX		6,296	2,648	7,439
Income tax	22	(1,653)	(691)	(2,049)
NET INCOME		4,643	1,957	5,390
Non-controlling interests				
NET INCOME GROUP SHARE		4,643	1,957	5,390
Basic earnings per share (in EUR)		1.69	0.82	2.11
Diluted earnings per share (in EUR)		1.69	0.82	2.11

Net income and other comprehensive income

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Net income	4,643	1,957	5,390
Items will be reclassified subsequently to profit or loss	1,387	(105)	(3,082)
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	1,833	(173)	(4,148)
Other items recognized through other comprehensive income recyclable to income			
Related taxes	(446)	67	1,067
Elements not recyclable in profit or loss	(1,419)	1,736	3,828
Revaluation in respect of defined benefit plans			(3)
Revaluation of financial assets at fair value through to equity	(1,892)	2,314	5,109
Other items recognized through other comprehensive income not recyclable to income			
Related taxes	473	(579)	(1,277)
Total gains and losses recognized directly in equity	(32)	1,630	746
COMPREHENSIVE INCOME	4,611	3,587	6,136

Consolidated statement of changes in equity

	Capital	Associated reserves to capital	Consolidated reserves	Other equity instruments	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	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				
(€ '000s)												
Shareholders' equity at 1 January 2024	221,700	-	(15,252)	-	(3,123)	-	-	(928)	5,738	208,136	-	208,136
Increase in share capital	32,741									32,741		32,741
Elimination of treasury shares												
Issuance / redemption of equity instruments				49,441						49,441		49,441
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2023			5,738						(5,738)			
Dividends 2023 paid												
Other movements	(13,372) ⁽¹⁾		13,372 ⁽¹⁾									
Sub-total of changes linked to transactions with shareholders	19,369	-	19,110	49,441	-	-	-	-	(5,738)	82,182	-	82,182
Changes in fair value through equity					(4,298)					(4,298)		(4,298)
Change in value of through profit or loss					150					150		150
Revaluation of financial assets at fair value through not recyclable equity								5,109		5,109		5,109
Changes in actuarial gains on retirement benefits			(3)							(3)		(3)
Related taxes					1,067			(1,277)		(211)		(211)
Changes in gains and losses recognized directly in equity	-	-	(3)	-	(3,082)	-	-	3,832	-	746	-	746
2024 Net income									5,390	5,390		5,390
Sub-total	-	-	(3)	-	(3,082)	-	-	3,832	5,390	6,136	-	6,136
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 31 December 2024	241,069	-	3,855	49,441	(6,204)	-	-	2,904	5,390	296,454	-	296,454
Increase in share capital	17,579 ⁽²⁾									17,579		17,579
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2024			5,390						(5,390)			
Dividends 2024 paid												
Other movements												
Sub-total of changes linked to transactions with shareholders	17,579	-	5,390	-	-	-	-	-	(5,390)	17,579	-	17,579
Changes in fair value through equity					1,779					1,779		1,779
Change in value of through profit or loss					54					54		54
Revaluation of financial assets at fair value through not recyclable equity								(1,892)		(1,892)		(1,892)
Changes in actuarial gains on retirement benefits												
Related taxes					(446)			473		27		27
Changes in gains and losses recognized directly in equity	-	-	-	-	1,387	-	-	(1,419)	-	(32)	-	(32)
30 June 2025 Net income									4,643	4,643		4,643
Sub-total	-	-	-	-	1,387	-	-	(1,419)	4,643	4,611	-	4,611
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 30 June 2025	258,649	-	9,244	49,441	(4,818)	-	-	1,485	4,643	318,644	-	318,644

(1) 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.

(2) The share capital of Agence France Locale which amounts on 30 of June, 2025 to € 258,648,750,80 consists of 2,745,228 shares. The Company carried out two capital increases during the first year-half 2025 subscribed on 13th March for € 9,100K and on 18th June 2025 for €8,480K.

Cash flow statement

	30/06/2025	31/12/2024
(€ '000s)		
Net income before taxes	6,296	7,439
+/- Net depreciation and amortisation of tangible and intangible non-current assets	566	1,252
+/- Net provisions and impairment charges	36	403
+/- Expense/income from investing activities	(15,464)	(16,618)
+/- Expense/income from financing activities	(7,531)	(51,053)
+/- Other non-cash items	48,288	(18,296)
= Non-monetary items included in net income before tax and other adjustments	25,894	(84,312)
+/- Cash from interbank operations		
+/- Cash from customer operations	(453,161)	(1,556,758)
+/- Cash from financing assets and liabilities	(44,141)	161,080
+/- Cash from not financing assets and liabilities	5,976	(2,586)
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(491,326)	(1,398,264)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	(459,136)	(1,475,136)
+/- Flows linked to financial assets and investments	(264,925)	(270,666)
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(1,420)	(10,719)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	(266,345)	(281,385)
+/- Cash from or for shareholders	17,579	82,491
+/- Other cash from financing activities	598,095	1,308,272
= CASH FLOW FROM FINANCING ACTIVITIES (C)	615,675	1,390,763
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	(109,806)	(365,759)
Cash flow from operating activities (A)	(459,136)	(1,475,136)
Cash flow from investing activities (B)	(266,345)	(281,385)
Cash flow from financing activities (C)	615,675	1,390,763
Effect of changes in exchange rates on cash and cash equivalents (D)		
Cash and cash equivalents at the beginning of the period	619,907	985,665
Cash and balances with central banks (assets & liabilities)	485,839	974,861
Interbank accounts (assets & liabilities) and loans/deposits at sight	134,067	10,804
Cash and cash equivalents at the end of the period	510,101	619,907
Cash and balances with central banks (assets & liabilities)	392,846	485,839
Interbank accounts (assets & liabilities) and loans/deposits at sight	117,255	134,067
CHANGE IN NET CASH	(109,806)	(365,759)

NOTES TO THE FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

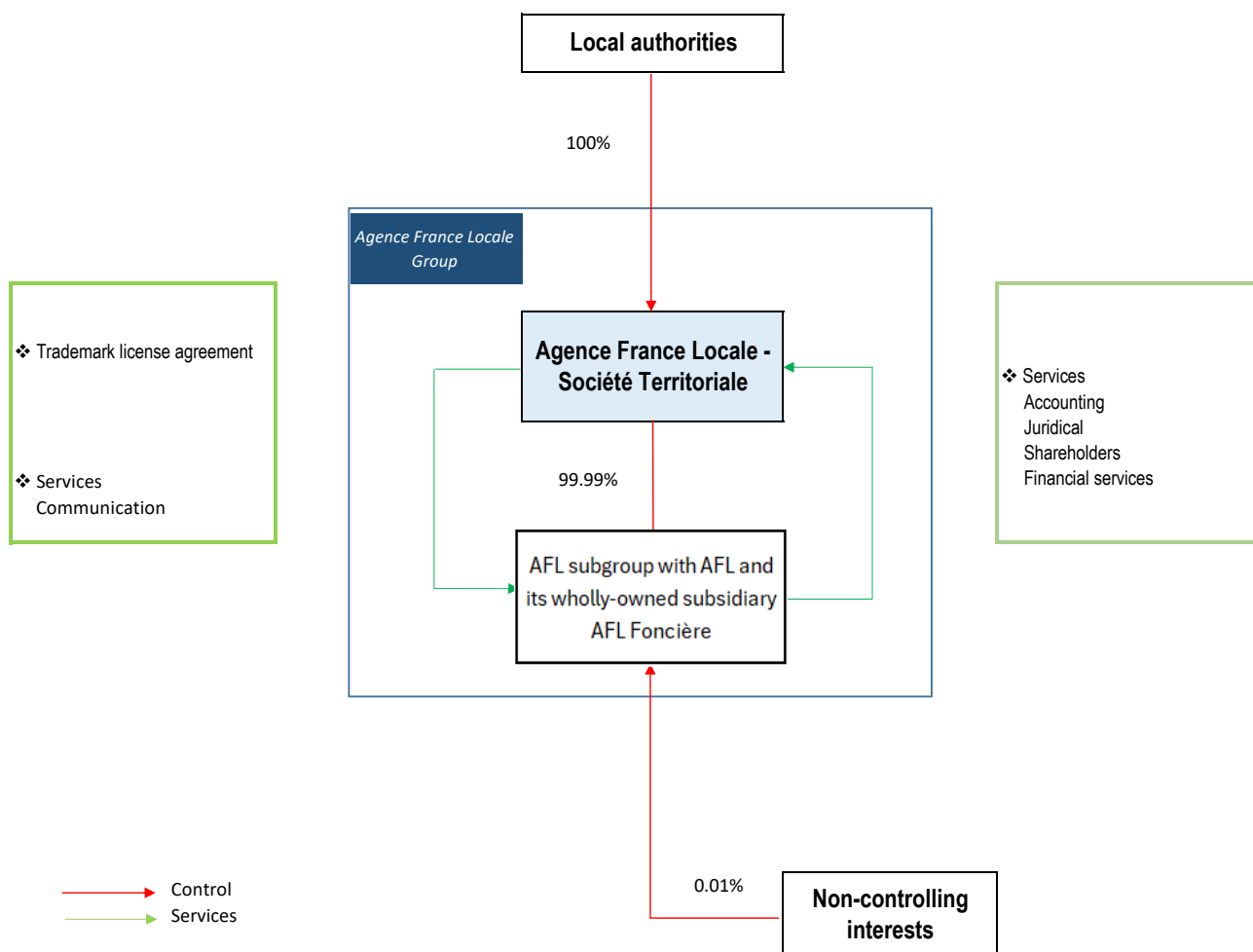
General framework

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 2025 financial statements were approved by the Executive Board on September 10, 2025.

II - Highlights from the first half year

The first half of 2025 marks a further increase in results linked to the credit activity, which is part of the AFL's development trajectory in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023 and then in 2024. The increase in income generation from the credit activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of credits granted to Member local authorities.

The production of medium and long-term loans carried out by the AFL in the first half of 2025 amounted to 728 million euros compared to 619 million euros in the first half of 2024. This increase in the production volume from one year to the next is explained by two items: 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, which encourages the latter to resort to borrowing.

During the first months of 2025, AFL focused on eight private placements totaling €183 million with maturities ranging from 4 to 12 years. In addition, there was a syndicated issue denominated in Swiss francs with a 10-year maturity of €100 million. In May, AFL carried out an issue of €500 million at 8 years at OAT plus 18 basis points, followed by two top-ups of €250 million each, in the 2034 and 2029 issues, at a margin against OAT of 16 and 20 basis points respectively. As of June 30, 2025, AFL has raised €1,289 million, or 56% of its needs for the year 2025, at an average margin against OAT of 15.7 basis points and an average life of 7.6 years.

During the first half of the year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €17.6 million through two capital increases, thus bringing AFL's share capital from €241.1 million as of January 1, 2025, to €258.7 million as of June 30, 2025. The AFL Group now has 1,131 members, including 87 new local authorities, which joined the AFL Group during the first half of 2025.

As of June 30, 2025, the net banking income (NBI) generated by the activity stands at €15,350K compared to €10,694K at the end of June 2024. This strong 44% increase in NBI in the International accounting framework is explained by the following elements:

- a sharp increase in the net interest margin (NIM), to €15,116K compared to €11,492K as of June 30, 2024. This change is explained, firstly, by the increase in interest income generated by the increase in outstanding credit and secondly by the significant decrease in the cost of carrying liquidity linked to the decrease in outstanding bank deposits and in particular the amount outstanding at the Banque de France.
- In addition to interest income, there are net commissions of €81K, a decrease of €98K compared to June 30, 2024, notably due to the decrease in non-use and commitment commissions linked to the decrease in the volume of cash lines of credit. The Agency also realized gains on financial instruments of €153K, compared to -€976K as of June 30, 2024. These gains on financial instruments consist of capital gains on the sale of securities at fair value through equity after taking into account the result of the cessation of hedging relationships for €398K and hedging inefficiencies for -€269K, compared to €282K and -€1,261K respectively as of June 30, 2024.

The net interest margin, which amounts to €15,116K as of June 30, 2025, is broken down as follows:

- €141.5 million in net interest income from hedging instruments, on outstanding loans for the first half of 2025, compared to €160.5 million in the first half of 2024. This apparent decrease is the result of the fall in the 3-month Euribor rate between the first half of 2024 and the first half of 2025. This decrease conceals the continued increase in outstanding loans generating an increase in interest income at constant prices, as highlighted by the increase in AFL's total net interest margin;
- €28.7 million in net interest income from hedging instruments on the liquidity and collateral management reserve assets for the first half of 2025, compared to €57.4 million in interest expenses in the first half of 2024. This change is again mainly explained by the period-on-period decline in short-term rates, to which the liquidity reserve assets are indexed. It should be noted that the outstanding amount of the liquidity reserve remained very stable at €2,092 million as of June 30, 2025, compared to €2,103 million as of June 30, 2024;
- Finally, €155 million in interest expenses net of hedging instruments, on the outstanding debt that AFL carries on its balance sheet, compared to €206.4 million in interest expenses in the first half of 2024. This decrease is also explained by the period-on-period decline in the 3-month Euribor to which all of AFL's debt is indexed, while the increase in volume continues in line with the growth in credit activity. Debt interest does not take into account the interest on the super-subordinated debt issued by AFL in December 2024, which will be recognized directly as a reduction in equity at the time of the annual payment in December 2025. As of June 30, 2025, only the amount of the debt is recorded in equity.

During the period, the liquidity reserve portfolio management generated €398K in profit on the disposal of securities in the portfolio at fair value through equity, net of the cancellation of interest rate hedging instruments on the securities sold. For comparison, portfolio management generated net capital gains on disposals of €282K in the first half of 2024.

As of June 30, 2025, net gains on financial instruments amounted to €153K compared to losses of €976K as of June 30, 2024. They consist of two major elements; on the one hand, capital gains on the sale of securities at fair value through equity after taking into account the result of the termination of hedging relationships for €398,000 and on the other hand, the sum of the fair value differences of the hedged items and their hedging instruments for -€269K. Of these differences, €141K relate to valuation differences on interest rate hedging instruments classified as macro-hedging, and -€410K 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, however, that this is a latent result.

As of June 30, 2025, general operating expenses amounted to €8,452K compared to €7,213K as of June 30, 2024. They account for €3,981K in personnel costs, compared to those for the first half of the previous year, which amounted to €3,567K. General operating expenses also include administrative expenses, which amounted to €4,471K, after re-invoicing to the Territorial Company, compared to €3,647K as of June 30, 2024. This increase in administrative expenses of €825K is explained in particular by an increase in IT fees, linked to the enhancement of the AFL's information system, and consulting fees associated with the management of a greater number of projects, required by regulations and by the growth of AFL's activities.

The result as of June 30, 2025 takes into account the depreciation and amortization of intangible and tangible assets, which amount to €566K compared to €578K as of June 30, 2024; stability which reflects the AFL's maintenance of a relatively constant 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, 2025 stands at €6,332K compared to €2,903K for the first half of 2024.

The cost of risk relating to ex-ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 represents a charge of €36K in the first half of 2025 compared to €255K for impairments recorded in the first half of 2024. AFL's cost of risk remains low, given the nature of the assets carried on the balance sheet, and with limited changes from one period to the next. These come mainly from the increase in AFL's balance sheet and partly from changes made to the assumptions used to construct macroeconomic scenarios by asset class. The overall stock of IFRS 9 impairments stands at €1,571K as of June 30, 2025 compared to €1,536K as of December 31, 2024.

After the allocation of the cost of risk resulting from the application of IFRS 9, the operating result as of June 30, 2025, stands at €6,296K, compared to €2,648K as of June 30, 2024.

Finally, the income tax charges as of June 30, 2025 amount to €1,653K. They break down as follows:

- €682K of current tax charges;
- €189K of deferred tax charges which corresponds to the taxation of all consolidation entries in the IFRS standard;
- €782K of charges related to the reduction of deferred tax assets, relating to the activation of previously created tax losses. This charge reduces the residual outstanding amount of deferred tax assets, which amounts to €1.3 million as of June 30, 2025.

After taking into account tax charges, net profit as of June 30, 2025 amounts to €4,643K compared to €1,957K as of June 30, 2024.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2025 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 consolidated 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, 2025 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, 2025

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - These amendments clarify 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 disclosed in the notes to the financial statements when a currency is not convertible. This amendment 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 IFRS 9 / IFRS 7 "Changes to the Classification and Measurement of Financial Instruments" - These amendments to IFRS 9 and IFRS 7, adopted on May 27, 2025 and applicable to annual periods beginning on or after January 1, 2026, clarify the classification of financial assets with conditional characteristics, such as environmental, social, and corporate governance (ESG) characteristics, under the SPPI test. These amendments will require additional disclosures regarding investments in equity instruments designated as at fair value through other comprehensive income and financial instruments with conditional characteristics. 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, 2024.

Scope of consolidation and control

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

	30/06/2025		31/12/2024	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	4,777	4,470	6,056	6,054
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	4,777	4,470	6,056	6,054

Financial assets held for trading

	30/06/2025		31/12/2024	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	4,777	4,470	6,056	6,054
Total Financial assets held for trading	4,777	4,470	6,056	6,054

	30/06/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	148,000	148,000	4,777	4,470	144,000	144,000	6,056	6,054
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	148,000	148,000	4,777	4,470	144,000	144,000	6,056	6,054
Interest rate contracts	148,000	148,000	4,777	4,470	144,000	144,000	6,056	6,054
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

	30/06/2025		31/12/2024	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as fair value hedges	553,039	475,161	585,441	479,109
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	95,764	31,519	90,631	39,204
Total Hedging derivatives	648,803	506,681	676,072	518,313

Detail of derivatives designated as fair value hedges

	30/06/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	10,817,704	6,901,141	553,039	475,161	10,472,159	6,712,198	585,441	479,109
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	10,817,704	6,901,141	553,039	475,161	10,472,159	6,712,198	585,441	479,109
Interest rate contracts	9,922,173	6,625,175	483,771	398,705	8,941,514	6,526,148	514,909	395,295
FRA								
Cross Currency Swaps	895,531	275,967	69,268	76,456	1,530,645	186,050	70,532	83,814
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

	30/06/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	161,170	1,520,584	95,764	31,519	175,870	1,473,029	90,631	39,204
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	161,170	1,520,584	95,764	31,519	175,870	1,473,029	90,631	39,204
Interest rate contracts	161,170	1,520,584	95,764	31,519	175,870	1,473,029	90,631	39,204
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to netting or an enforceable global netting agreement or similar arrangement

	30/06/2025						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
				Financial instruments	Collatéral received		
(€ '000s)							
Financial instruments at fair value through profit or loss	653,580	-	653,580	434,694	204,104	-	14,781
Of which derivative financial instruments (including hedging derivatives)	653,580	-	653,580	434,694	204,104	-	14,781
Loans and receivables from credit institutions and customers	8,905,494	-	8,905,494	-	-	-	8,905,494
Of wich repurchase agreements	-	-	-	-	-	-	-
Accrued income and other assets	3,325	-	3,325	-	-	-	3,325
Including security deposits given		-	-	-	-	-	-
Other non offset assets	1,929,868	-	1,929,868	-	-	-	1,929,868
TOTAL ASSETS	11,492,266	-	11,492,266	434,694	204,104	-	10,853,468

	31/12/2024						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
Financial instruments				Collatéral received			
(€ '000s)							
Financial instruments at fair value through profit or loss	682,128	-	682,128	440,553	211,736	-	29,839
Of which derivative financial instruments (including hedging derivatives)	682,128	-	682,128	440,553	211,736	-	29,839
Loans and receivables from credit institutions and customers	8,497,797	-	8,497,797	-	-	-	8,497,797
Of wich repurchase agreements	-	-	-	-	-	-	-
Accrued income and other assets	4,422	-	4,422	-	-	-	4,422
Including security deposits given		-	-	-	-	-	-
Other non offset assets	1,731,263	-	1,731,263	-	-	-	1,731,263
TOTAL ASSETS	10,915,611	-	10,915,611	440,553	211,736	-	10,263,321

Financial liabilities subject to netting or an enforceable global netting agreement or similar arrangement

(€ '000s)	30/06/2025						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
				Financial instruments	Collatéral paid		
Financial instruments at fair value through profit or loss	511,151	-	511,151	434,694	60,779	68,755	(53,077)
Of which derivative financial instruments (including hedging derivatives)	511,151	-	511,151	434,694	60,779	68,755	(53,077)
Loans and receivables from credit institutions and customers	204,104	-	204,104	-	-	-	204,104
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	10,458,367	-	10,458,367	-	-	-	10,458,367
TOTAL LIABILITIES	11,173,622	-	11,173,622	434,694	60,779	68,755	10,609,394

	31/12/2024						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
				Financial instruments	Collatéral paid		
En milliers d'euros							
Financial instruments at fair value through profit or loss	524,367	-	524,367	440,553	55,670	68,574	(40,430)
Of which derivative financial instruments (including hedging derivatives)	524,367	-	524,367	440,553	55,670	68,574	(40,430)
Loans and receivables from credit institutions and customers	211,737	-	211,737	-	-	-	211,737
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	9,883,053	-	9,883,053	-	-	-	9,883,053
TOTAL LIABILITIES	10,619,157	-	10,619,157	440,553	55,670	68,574	10,054,359

PORTFOLIO

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

Fixed-income securities - Analysis by nature

	30/06/2025	31/12/2024
(€ '000s)		
Government paper and similar securities	631,927	615,439
Bonds	355,348	147,920
Other fixed income securities		
Net amount in balance sheet	987,275	763,359
Including depreciation	(579)	(531)
Including net unrealised gains and losses	(26,675)	(31,995)

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2024	(531)	-	-	-
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	(48)	-	-	-
Acquisitions	(165)			
Re-estimate of parameters	72			
Bad debts written off				
On sales	45			
Expected losses as of 30th June 2025	(579)	-	-	-

Fixed-income securities - Analysis by counterparty

	30/06/2025	31/12/2024
(€ '000s)		
Local public sector	507,971	506,094
Financial institutions and other financial corporations	478,318	256,277
Non-financial corporations	985	988
Net amount in balance sheet	987,275	763,359

Fixed income securities held on Financial institutions include €87,747K of securities guaranteed by States of the European Economic Area.

Changes in Financial assets at fair value through other comprehensive income

	Total amount as of 31/12/2024	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 30/06/2025
(€ '000s)								
Government paper and similar securities	615,439	213,406	(199,535)	(1,250)	4,431	(2,338)	1,774	631,927
Bonds	147,920	255,315	(50,231)	-	1,154	110	1,080	355,348
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	763,359	468,721	(249,766)	(1,250)	5,586	(2,228)	2,853	987,275

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

	30/06/2025	31/12/2024
(€ '000s)		
Government paper and similar securities	505,172	458,242
Bonds	28,412	7,181
Other fixed income securities		
Net amount in balance sheet	533,584	465,424
Including expected credit losses on debt instruments	(463)	(494)

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 2024	(494)	-	-	-
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	31	-	-	-
Acquisitions	(71)			
Re-estimate of parameters	94			
Bad debts written off				
On sales	8			
Expected losses as of 30th June 2025	(463)	-	-	-

Fixed-income securities - Analysis by contreparty

	30/06/2025	31/12/2024
(€ '000s)		
Local public sector	234,769	228,346
Financial institutions and other financial corporations	268,637	207,308
Non-financial corporations	30,177	29,769
Net amount in balance sheet	533,584	465,424

Fixed income securities held on Financial institutions include €270,403K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

	Total amount as of 31/12/2024	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of 30/06/2025
(€ '000s)									
Government paper and similar securities	458,242	59,802	(11,709)	(6,568)	4,223	(544)	1,683	42	505,172
Bonds	7,181	21,150	-	(486)	377	(7)	207	(11)	28,412
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	465,424	80,952	(11,709)	(7,054)	4,600	(551)	1,890	31	533,584

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

	30/06/2025	31/12/2024
(€ '000s)		
Mandatory reserve deposits with central banks	392,868	485,873
Other deposits		
Cash and central banks	392,868	485,873
Impairment	(20)	(30)
Net amount in balance sheet	392,847	485,842

Receivables on credit institutions

	30/06/2025	31/12/2024
(€ '000s)		
Loans and receivables		
- on demand and short notice	117,452	134,383
- term	60,493	60,440
Cash collateral paid	60,779	55,670
Securities bought under repurchase agreements		
TOTAL	238,724	250,493
Impairment for expected losses	(20)	(25)
NET CARRYING AMOUNT	238,704	250,468

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

	30/06/2025	31/12/2024
(€ '000s)		
Short-term credit facilities	73,312	64,148
Other loans	8,593,955	8,183,627
Customers transactions before impairment charges	8,667,267	8,247,775
Impairment	(477)	(446)
Net carrying amount	8,666,789	8,247,330
<i>Of which individual impairment</i>	(477)	(446)
<i>Of which collective impairment</i>		

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 2024	(401)	(100)	-	-
<i>Transfers from 12-month to maturity</i>	0.3	(0.3)		
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	0.3	(0.3)	-	-
Movement attributable to financial instruments recognized over the period	7	(24)	-	-
<i>Production and acquisition</i>	(35)	(28)		
<i>Re-estimate of parameters</i>	23	2		
<i>Bad debts written off</i>				
<i>Repayments</i>	19	2		
Expected losses as of 30th June 2025	(393)	(124)	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2024	Depreciation charges	Reversals amounts not used	Net charge	Utilised	30/06/2025
Financial assets at fair value through other comprehensive income						
<i>Depreciations on performing assets</i>	531	93	(45)	48		579
<i>Depreciations on non-performing assets</i>	-					-
<i>Depreciations on doubtful assets</i>	-					-
Total	531	93	(45)	48		579
Financial assets at amortized cost						
<i>Depreciations on performing assets</i>	896	(10)	(27)	(38)		858
<i>Depreciations on non-performing assets</i>	99	26	(2)	24		123
<i>Depreciations on doubtful assets</i>	-					-
Total	995	15	(29)	(14)		981

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	392,868			(20)			392,847
Financial assets at fair value through other comprehensive income	987,854			(579)			987,275
Securities at amortized cost	540,767			(469)			540,298
Loans and receivables due from credit institutions at amortized cost	239,566			(20)			239,546
Loans and receivables due from customers at amortized cost	8,528,668	138,569	30	(355)	(123)	(0.0003)	8,666,789

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

	30/06/2025	31/12/2024
(€ '000s)		
Net asset as at 1st of january	2,734	4,222
Of which deferred tax assets	4,354	4,609
Of which deferred tax liabilities	1,621	387
Recognised in income statement	(971)	(1,278)
Income statement (charge) / credit	(971)	(1,278)
Recognised in equity	27	(211)
Financial assets at fair value through other comprehensive income	(446)	1,067
Cash flow hedges	473	(1,277)
Other		
Net asset as at	1,789	2,734
Of which deferred tax assets	3,126	4,354
Of which deferred tax liabilities	1,337	1,621

Deferred tax are attributable to the following items:

	30/06/2025	31/12/2024
(€ '000s)		
Financial assets at fair value through other comprehensive income	1,799	2,245
Cash flow hedges		
Losses carried forward	1,327	2,109
Other temporary differences		
TOTAL DEFERRED TAX ASSETS	3,126	4,354

	30/06/2025	31/12/2024
(€ '000s)		
Financial assets at fair value through other comprehensive income		
Cash flow hedges	495	968
Other temporary differences	842	653
TOTAL DEFERRED TAX LIABILITIES	1,337	1,621

Note 8 - OTHER ASSETS AND ACCRUALS

	30/06/2025	31/12/2024
(€ '000s)		
Other assets		
Deposits	1,945	2,487
Other assets	185	892
Impairment		
Total	2,130	3,379
Accruals		
Prepaid charges	979	868
Other deferred income	82	12
Transaction to recieve and settlement accounts	0.1	
Other accruals	133	163
Total	1,195	1,043
TOTAL OTHER ASSETS AND ACCRUALS	3,325	4,422

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2024	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2025
Intangible fixed assets							
IT development costs	13,534	141					13,675
Other intangible assets	163						163
Intangible assets in progress	76	672					747
Intangible fixed assets gross amount	13,773	813	-	-	-	-	14,586
Depreciation and allowances - Intangible fixed assets	(12,277)				(456)		(12,733)
Intangible fixed assets net carrying amount	1,496	813	-	-	(456)	-	1,852

Tangible fixed assets	31/12/2024	Additions	Disposals	Amort. and provisions	Other	30/06/2025
Commercial leases	1,347					1,347
Property, plant & equipment	10,516	506		(9)		11,013
Tangible fixed assets gross amount	11,863	506	-	(9)	-	12,360
Depreciation and allowances - Tangible fixed assets	(1,075)		9	(109)		(1,175)
Tangible fixed assets net carrying amount	10,788	506	9	(118)	-	11,185

Note 10 - DEBT SECURITIES

	30/06/2025	31/12/2024
(€ '000s)		
Negotiable debt securities	149,478	99,654
Bonds	10,226,391	9,718,323
Other debt securities		
TOTAL	10,375,869	9,817,977

NOTE 11 - DUE TO CREDIT INSTITUTIONS

	30/06/2025	31/12/2024
(€ '000s)		
Loans and receivables		
- on demand and short notice	0.03	0.2
- term		
Cash collateral paid	204,104	211,736
Securities bought under repurchase agreements		
TOTAL	204,104	211,737

Note 12 - ACCRUALS AND OTHER LIABILITIES

	30/06/2025	31/12/2024
(€ '000s)		
Other liabilities		
Miscellaneous creditors	2,773	3,668
Total	2,773	3,668
Accruals		
Transaction to pay and settlement accounts		10
Other accrued expenses	1,499	2,062
Unearned income	1	
Other accruals	24	25
Total	1,523	2,097
TOTAL ACCRUALS AND OTHER LIABILITIES	4,296	5,765

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2024	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2025
Provisions						
Financing commitment execution risks	10	1				11
Provisions for litigations						
Provisions for employee retirement and similar benefits	152					152
Provisions for other liabilities to employees						
Other provisions						
TOTAL	162	1	-	-	-	163

Note 14 - UNDATED FINANCIAL INSTRUMENTS

(€ '000s)	Issue date	Interest rate	Amount	Currency	30/06/2025	31/12/2024
Agence France Locale	17-Dec.-2024	7%	50,000	EUR	49,441	49,441

The movements relating to subordinated and super-subordinated financial instruments of indefinite duration impacting Equity are detailed as follows:

(€ '000s)	30/06/2025	31/12/2024
UNDATED DEEPLY SUBORDINATED NOTES		
Interests paid accounted as reserves		
Changes in nominal amounts		50,000
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves		(559)
Other		
UNDATED SUBORDINATED NOTES		
Interests paid accounted as reserves		
Changes in nominal amounts		
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves		
Other		

As undated subordinated and deeply subordinated financial instruments are considered equity instruments issued, the tax effects on the compensation paid are recognised as income tax in the income statement.

OFF-BALANCE SHEET

	30/06/2025	31/12/2024
(€ '000s)		
Commitments given	617,149	613,459
Financing commitments	548,394	544,884
<i>For credit institutions</i>		
<i>For customers</i>	548,394	544,884
Guarantee commitments	68,755	68,574
<i>For credit institutions</i>		
<i>For customers</i>	68,755	68,574
Commitments on securities		
<i>Securities to be delivered to the issuance</i>		
<i>Other securities to be delivered</i>		
Commitments received	1,623	1,691
Financing commitments		
<i>From credit institutions</i>		
Guarantee commitments	1,623	1,691
<i>From credit institutions</i>		
<i>From customers</i>	1,623	1,691
Commitments on securities		
<i>Securities receivable</i>		

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 2024	10	-	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	1			
<i>Charge</i>	1			
<i>Utilised</i>				
<i>Reversal utilised</i>				
Expected losses as of 30th June 2025	11	-	-	-

VI - Notes to the Income Statement

Note 15 - INTEREST INCOME AND EXPENSES

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Interest and similar income	189,576	236,472	457,728
Due from banks	10,063	35,697	55,560
Due from customers	135,700	148,166	298,968
Bonds and other fixed income securities	21,226	23,646	47,199
<i>Financial assets at fair value through other comprehensive income</i>	13,509	15,621	30,405
<i>Securities at amortized cost</i>	7,716	8,026	16,795
Macro-hedge transactions	20,045	23,380	46,439
Other interest income	2,543	5,583	9,561
Interest and similar expenses	(174,461)	(224,980)	(433,783)
Due to banks	(2,630)	(1,983)	(4,571)
Debt securities	(155,021)	(206,390)	(396,345)
Macro-hedge transactions	(14,268)	(11,033)	(23,318)
Other interest expenses	(2,541)	(5,574)	(9,549)
Interest margin	15,116	11,492	23,945

Note 16 - NET FEE AND COMMISSION INCOME

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Fee & Commission Income	177	287	441
Interbank transactions			
Customer transactions			
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee	177	287	441
Other commissions received			
Fee & Commission Expense	(97)	(108)	(215)
Interbank transactions	(15)	(25)	(42)
Securities transactions			
Forward financial instruments transactions	(82)	(83)	(172)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net Fee and Commission income	81	179	227

Note 17 - NET RESULT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2025	30/06/2024	31/12/2024
(€ '000s)			
Gains/(losses) on Trading book	11	3	(1)
Net result of hedge accounting	(714)	(1,230)	(749)
Net result of foreign exchange transactions	13	0.4	3
TOTAL	(690)	(1,227)	(747)

Analysis of net result of hedge accounting

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Fair value hedges			
Fair value changes in the hedged item attributable to the hedged risk	(4,765)	72,312	(47,665)
Fair value changes in the hedging derivatives	4,355	(73,145)	46,863
Hedging relationship disposal gain	(445)	31	44
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	(19,687)	(14,587)	23,043
Fair value changes in the hedging derivatives	19,828	14,159	(23,034)
Net result of hedge accounting	(714)	(1,230)	(749)

Note 18 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Gains from disposal of fixed income securities	844	261	471
Losses from disposal of fixed income securities	(1)	(10)	(10)
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	843	251	461

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Employee expenses			
Wages and salaries	2,554	2,344	4,751
Post-employment benefit expenses	255	225	450
Other expenses	1,171	998	2,051
Total Employee expenses	3,981	3,567	7,252
Operating expenses			
Taxes and duties	252	279	517
External services	4,301	3,454	7,216
Total Administrative expenses	4,554	3,732	7,734
Charge-backs and reclassification of administrative expenses	(82)	(86)	(170)
Total General operating expenses	8,452	7,213	14,816

Note 20 - COST OF RISK

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Net charge to provisions	(35)	(249)	(383)
<i>for financial assets at fair value through other comprehensive income</i>	(48)	(97)	(118)
<i>for financial assets at amortized cost</i>	14	(152)	(265)
Net charge to provisions	(1)	(6)	6
<i>for financing commitments</i>	(1)	(6)	6
<i>for guarantee commitments</i>			
Irrecoverable loans written off not covered by provisions			
Recoveries of bad debts written off			
Total Cost of risk	(36)	(255)	(378)

Note 21 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Gains on sales of Investment securities			
Gains on sales of tangible or intangible assets			
Reversal of impairment			
Total Gains on other assets	-	-	-
Losses on sales of Investment securities			
Losses on sales of tangible or intangible assets			(1)
Charge of impairment			
Total Losses on other assets	-	-	(1)

Note 22 - INCOME TAX

(€ '000s)	30/06/2025	30/06/2024	31/12/2024
Expense and income of current tax	(682)	(415)	(772)
Expense and income of deferred tax	(971)	(276)	(1,278)
Ajustement on previous period			
Total Income tax	(1,653)	(691)	(2,049)

RECONCILIATION OF THE THEORETICAL TAX RATE AND THE EFFECTIVE TAX RATE

As of 30th June 2025

(€ '000s)	Base	Tax rate	Tax
Pre-tax income	6,296	25.83%	(1,626)
Impact of permanent differences		0.01%	(1)
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.20%	(12)
Impact of other items		0.22%	(14)
Effective tax rate and tax charge		26.26%	(1,653)

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 30 June 2025.

As of 30th June 2024

(€ '000s)	Base	Tax rate	Tax
Pre-tax income	2,648	25.83%	(684)
Impact of permanent differences			
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.94%	(25)
Impact of other items		(0.66)%	18
Effective tax rate and tax charge		26.10%	(691)

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 30 June 2024.

As of 31st December 2024

(€ '000s)	Base	Tax rate	Tax
Pre-tax income	7,439	25.83%	(1,921)
Impact of permanent differences		(0.01)%	1
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.41%	(30)
Impact of other items		1.32%	(98)
Effective tax rate and tax charge		27.55%	(2,049)

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 31 December 2024.

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:

(€ '000s)	30/06/2025			
	Total	Measured using		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	4,777	-	4,777	-
Hedging derivative instruments	648,803	-	648,803	-
Government paper and similar securities	631,927	536,679	-	95,248
Bonds	355,348	149,058	-	206,290
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	987,275	685,737	-	301,538
Total Financial assets	1,640,854	685,737	653,580	301,538
Financial liabilities				
Financial liabilities at fair value through profit or loss	4,470	-	4,470	-
Hedging derivative instruments	506,681	-	506,681	-
Total Financial liabilities	511,151	-	511,151	-

Fair values of instruments carried at amortised cost:

(€ '000s)	30/06/2025				
	Net Carrying value	Fair value	Measured using		
			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	392,847	392,847	-	-	392,847
Government paper and similar securities	505,172	500,272	320,901	-	179,371
Bonds	28,412	28,013	28,013	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	533,584	528,285	348,914	-	179,371
Loans and receivables due from credit institutions	238,704	238,704	-	-	238,704
Loans and advances to customers	8,590,770	8,590,770	-	-	8,590,770
Total Financial assets	9,755,905	9,750,607	348,914	-	9,401,693
Financial liabilities					
Debt securities	10,375,869	10,255,652	8,491,281	1,614,894	149,478
Total Financial liabilities	10,375,869	10,255,652	8,491,281	1,614,894	149,478

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 2025 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 30/06/2025
Cash, central banks	392,868		(20)	392,847
Financial assets at fair value through profit or loss	4,777			4,777
Hedging derivative instruments	648,803			648,803
Financial assets at fair value through other comprehensive income	987,275			987,275
Securities at amortized cost	534,047		(463)	533,584
Loans and receivables due from credit institutions	238,724		(20)	238,704
Loans and advances to customers	8,667,267		(477)	8,666,789
Revaluation adjustment on interest rate hedged portfolios				-
Current tax assets				-
Other assets	2,130			2,130
Sub-total Assets	11,475,890	-	(981)	11,474,908
Financing commitments given	548,394			548,394
TOTAL Credit risk exposure	12,024,284	-	(981)	12,023,303

Exposure analysis by counterparty

(€ '000s)	Total 30/06/2025
Central banks	392,847
Local public sector	9,958,527
Credit institutions guaranteed by the EEA States	326,788
Credit institutions	1,312,452
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	31,162
Non-financial corporations	1,527
Total Exposure by counterparty	12,023,303

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 30/06/2025
France	10,931,031
Supranational	320,720
Canada	207,005
Spain	91,846
Finland	69,580
Belgium	66,222
Germany	61,346
Switzerland	60,281
Netherlands	58,601
New Zealand	52,584
Iceland	29,606
Norway	20,430
Poland	13,667
Denmark	12,311
South Korea	11,656
Australia	10,032
Sweden	6,386
Total Exposure by geographic area	12,023,303

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

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 30/06/2025
Cash, central banks	392,847				392,847			392,847
Financial assets at fair value through profit or loss		47	3,220	1,646	4,913	(136)		4,777
Hedging derivative instruments	56	9,865	73,444	557,820	641,184	7,618		648,803
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	64,865	62,405	332,576	192,384	652,231	3,176	(23,479)	631,927
Bonds	50,069	146,037	136,911	24,359	357,376	1,167	(3,196)	355,348
Total Financial assets at fair value through other comprehensive income	114,934	208,443	469,487	216,742	1,009,606	4,343	(26,675)	987,275
Securities at amortized cost								
Government paper and similar securities	2,999	10,003	227,753	267,525	508,280	2,859	(5,967)	505,172
Bonds			6,372	21,355	27,727	91	594	28,412
Total Securities at amortized cost	2,999	10,003	234,125	288,880	536,007	2,950	(5,373)	533,584
Loans and receivables due from credit institutions	177,915		60,000		237,915	789		238,704
Loans and advances to customers	219,418	593,686	2,595,437	5,593,832	9,002,374	24,984	(360,568)	8,666,789
Revaluation adjustment on interest rate hedged portfolios								-
Current tax assets								-
Other assets	2,130				2,130			2,130
TOTAL ASSETS								11,474,908
Central banks								-
Financial assets at fair value through profit or loss		47	3,210	1,647	4,904	(434)		4,470
Hedging derivative instruments	40	13,099	152,238	366,370	531,748	(25,067)		506,681
Debt securities	99,678	721,725	3,903,824	5,853,041	10,578,269	66,772	(269,172)	10,375,869
Due to credit institutions	204,104				204,104			204,104
Revaluation adjustment on interest rate hedged portfolios							76,019	76,019
Other liabilities	2,773				2,773			2,773
TOTAL LIABILITIES								11,169,915

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 2025 are described into the financial report as at 30th June 2025.



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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, 2025 to June 30th, 2025]



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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, 2025 to June 30th, 2025]

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 prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, for the period from January 1st, 2025 to June 30th, 2025.

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 30th, 2025 do not present fairly, in all material respects, the assets and liabilities and the financial position of the company as at June 30th, 2025 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, September 23rd, 2025
KPMG S.A.

Paris, September 23rd, 2025
CAILLIAU DEDOUIT ET ASSOCIES

Sophie MEDDOURI
Partner

Sandrine LE MAO
Partner

The background is a solid dark blue. Overlaid on this are several geometric shapes: a large, light blue circle that is partially cut off by the right edge; a smaller, darker blue circle nested inside the first one; and a light blue triangle pointing downwards, positioned in the lower right quadrant. The text 'Pillar III' is written in white, sans-serif font in the lower left area.

Pillar III

Agence France Locale

Pillar 3 as of June 30, 2025

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, 2025. 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 (Revised 14/11/2024) 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	270 002 256	261 862 710	247 760 074	233 201 925	232 930 529
2	Tier 1 capital	270 002 256	261 862 710	247 760 074	233 201 925	232 930 529
3	Total capital	270 002 256	261 862 710	247 760 074	233 201 925	232 930 529
	Risk-weighted exposure amounts					
4	Total risk exposure amount	477 737 691	471 781 959	394 847 518	315 563 954	299 789 722
4a	Total risk exposure pre-floor	477 737 691	471 781 959	394 847 518	315 563 954	299 789 722
0	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	0,5652	0,5551	0,6275	0,7390	0,7770
5a	Not applicable					
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	0,5652	0,5551	0,6275	0,7390	0,7770
6	Tier 1 ratio (%)	0,5652	0,5551	0,6275	0,7390	0,7770
6a	Not applicable					
6b	Tier 1 ratio considering unfloored TREA (%)	0,5652	0,5551	0,6275	0,7390	0,7770
7	Total capital ratio (%)	0,5652	0,5551	0,6275	0,7390	0,7770
7a	Not applicable					
7b	Total capital ratio considering unfloored TREA (%)	0,5652	0,5551	0,6275	0,7390	0,7770
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	0,0125	0,0125	0,0125
EU 7e	of which: to be made up of CET1 capital (percentage points)	-	-	0,0070	0,0070	0,0070
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	-	-	0,0094	0,0094	0,0094
EU 7g	Total SREP own funds requirements (%)	0,0800	0,0800	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 (%)	0,0076	0,0080	0,0076	0,0075	0,0075
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)					
11	Combined buffer requirement (%)	0,0326	0,0330	0,0326	0,0325	0,0325
EU 11a	Overall capital requirements (%)	0,1126	0,1130	0,1251	0,1250	0,1250
12	CET1 available after meeting the total SREP own funds requirements (%)	0,4852	0,4751	0,5350	0,6465	0,6845
	Leverage ratio					
13	Total exposure measure	2 234 533 023	2 315 795 080	2 203 088 324	2 412 428 539	2 404 521 001
14	Leverage ratio (%)	0,1208	0,1131	0,1125	0,0967	0,0969
	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)	1 182 120 718	1 399 349 409	1 343 598 364	1 564 753 184	1 609 633 578
EU 16a	Cash outflows - Total weighted value	381 774 930	700 900 767	381 568 041	315 993 423	328 903 288
EU 16b	Cash inflows - Total weighted value	154 000 891	164 694 423	81 059 149	163 669 450	70 249 807
16	Total net cash outflows (adjusted value)	227 774 038	536 206 345	300 508 892	152 323 973	258 653 482
17	Liquidity coverage ratio (%)	5,1899	2,6097	4,4711	10,2725	6,2231
0	Net Stable Funding Ratio					
18	Total available stable funding	10 104 758 744	9 337 092 132	8 611 011 297	8 232 239 389	8 033 302 124
19	Total required stable funding	4 999 896 924	3 876 848 403	3 922 367 527	4 852 319 723	4 691 693 667
20	NSFR ratio (%)	2,0210	2,4084	2,1954	1,6966	1,7122

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