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## Recognition of the super-subordinated debt issued by the AFL as additional Tier 1 capital

*AFL, the bank for local governments, is waiving the benefit of the exemption from the application of prudential requirements on an individual basis as of 31 December 2025, thereby recognising its deeply subordinated debt as Additional Tier 1 (AT1) capital.*

### *Eligibility of Additional Tier 1 debt for the Prudential Capital Base of the AFL*

Agence France Locale ('AFL') has notified the French Prudential Supervision and Resolution Authority ('ACPR') that it is waiving the benefit of the exemption from the application of prudential requirements on an individual basis provided for in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, as amended ('CRR') and therefore no longer benefit from Article 7(1) of the CRR (the 'Derogation'), with effect from 31 December 2025. To date, AFL has been subject to consolidated prudential supervision at the level of its parent company, Agence France Locale - Société Territoriale ('AFL-ST') only. On 4 December 2025, the ACPR notified AFL that it had taken note of this waiver of the Exemption with effect from 31 December 2025.

Consequently, the perpetual fixed rate resettable deeply subordinated notes issued by AFL on 17 December 2024 (the 'Notes') will be recognised for regulatory purposes as Additional Tier 1 Capital within the meaning of Article 51 of CRR (Additional Tier 1 Capital or 'AT1') of AFL and the AFL Group as of the end date of the Derogation, i.e. 31 December 2025 (the 'Recognition Date'), as CRR requires the ACPR's recognition of AT1 debt to be subject to direct supervision by the ACPR.

In accordance with the Terms and Conditions of the Securities, the rating assigned to the Securities by S&P Global Ratings Europe Limited (S&P) should be downgraded to [BBB] as of the Recognition Date due to the admission of the Securities as Additional Tier 1 Capital.

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## *Stronger capitalisation to support development*

As the securities are recognised as AT1 once AFL has been placed under dual supervision by the ACPR, they enable AFL to better meet the financing needs of its member local authorities, whose investment expenditure remains high, driven in particular by transition-related requirements.

With this recognition, the securities will be included in capital ratios as of 31 December 2025, strengthening AFL's capitalisation expressed as a 'banking' leverage ratio and providing it with a capital buffer in relation to its internal limits.

AFL's pro forma capital structure as at 30 June 2025 is as follows:

- Leverage ratio with AT1: 2.79%
- Solvency ratio with AT1: 64.88%

## *About AFL, the bank for local governments*

**"To embody responsible finance in order to strengthen the local world's ability to act, addressing the present and future needs of citizens."**

The only French bank fully owned (100%) by local authorities, the AFL has a unique and innovative model: a bank created by and for all local authorities. By becoming AFL's shareholders, local authorities gain access to fast, tailored financing for their local investments while committing to sustainable and responsible finance practices. For local authorities, it is the freedom to invest, with a controlled management of their finances. Since its launch in 2015, the AFL has already granted nearly €11.5 billion in loans, including €2 billion in 2024, and currently has 1,229 shareholders.

More information: <https://www.agence-france-locale.fr/en/>

## **IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS**

This press release contains certain forward-looking statements. Although AFL Group believes that these statements are based on reasonable assumptions as of the date of this press release, they are inherently subject to risks and uncertainties, relating in particular to the impacts of the war in Ukraine and the resulting economic crisis, which may cause actual results to differ from those indicated or implied in these statements.

This press release does not constitute a recommendation concerning any issue of securities. Potential investors should consult a professional adviser as to the suitability of the Notes referred to herein for the person concerned.

This press release and the information it contains may not be published, released, forwarded, transmitted or distributed, directly or indirectly, in or into the United States (including its territories and dependencies) or to any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933) or any person located or resident in the United States. This press release is not an offer of AFL securities to sale in the United States. AFL's securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the "Securities Act") or unless pursuant to an applicable exemption from the registration requirements of the Securities Act. AFL does not intend to register its securities in the United States or to make a public offering in the United States.

This press release is an advertisement and not a prospectus for the purposes of Regulation (EU) 2017/1129 of June 14, 2017 (as amended, the "Prospectus Regulation") and Delegated Regulation (EU) 2019/979 of March 14, 2019, as amended. Investors in the European Economic Area ("EEA") who wish to obtain information on the terms and conditions of the Notes, and determine whether or not they may, and wish to, subscribe thereto are urged, before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in these securities, to read and refer exclusively to the information

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memorandum that will be published on AFL's website ([https://www.agence-france-locale.fr/en/page-investisseurs\\_eng/](https://www.agence-france-locale.fr/en/page-investisseurs_eng/)). This information memorandum will not be subject to approval by any market authority.

The Notes referred to herein are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to, and no action has been or will be undertaken to offer, sell or otherwise make available any Notes, to any retail investor in the EEA. For the purposes of this provision: (a) "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as applicable. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes, or otherwise making them available, to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This press release is not a prospectus within the meaning of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation") and has not been approved, filed or reviewed by any regulatory authority of the United Kingdom ("UK"). This press release has not been approved by an authorized person for the purposes of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, this press release is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of this press release is exempt from the restriction on financial promotions under Section 21 of the FSMA on the basis that it is only directed at and may only be communicated to (1) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "FPO"), (2) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the FPO, and (3) persons outside the United Kingdom (together being referred to as "relevant persons"), and must not be acted on or relied upon by persons other than relevant persons. Any investment activity referred to in this press release is available only to relevant persons and will be engaged in only with relevant persons.

The Notes referred to herein are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to, and no action has been or will be undertaken to offer, sell or otherwise make available any Notes, to any retail investor in the UK. For the purposes of this provision a "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2 of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA;. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes, or otherwise making them available, to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



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