



La banque des
collectivités locales

The background of the cover is a photograph of a large, ornate cathedral with a prominent dome, situated on a hill overlooking a river. The river's surface is calm, reflecting the cathedral and the surrounding buildings. The sky is clear and bright. The image is framed by large, overlapping circular shapes in shades of blue and red.

ANNUAL REPORT OF AFL

....

FOR THE PERIOD FROM
1 JANUARY TO
31 DECEMBER **2025**



EDITORIAL BY THE CHAIRMAN OF AFL'S EXECUTIVE BOARD



Following the creation of AFL and the establishment of its foundations, 2020 signalled a period of stability, fast-tracking our development during which our memberships significantly grew. As such, by end-2025, the AFL Group's shareholder members accounted for nearly 30% of all outstanding local government debt.

Between 2020 and 2025, outstanding loans were up almost 30% per year, reaching €10 billion for the first time at end-2025. Lastly, this year, our earnings topped the €10 million net profit mark, enabling us to continue the growth of our financing activities by strengthening our equity.

Formed through the association of local elected officials, the AFL has become instrumental to the local government funding ecosystem, representing a growing share of local public investment in France. The AFL is keeping its initial promise to be the bank for all local governments, whether small or large, urban or rural, and whether in metropolitan France or overseas. Bolstered by its light operational model, our bank demonstrates its performance on a daily basis, successfully adapting to a market revolutionised by Covid-19 in 2020, the drastic developments in monetary policy, Russia's invasion of Ukraine in 2022, sparking a war still ongoing that fundamentally reshaped the way European countries view their own safety and last but not least - the sharp deterioration in France's public finances with its spiralling debt.

That being said, the AFL has evolved, illustrating the resilience of a model founded on shared needs and resources, which proves effective year in, year out, in accessing markets under the best possible conditions, including through sustainable bonds. As a result, AFL enables competitive financing conditions for all local government members to continue adapting their infrastructure to address climate, energy and social needs.



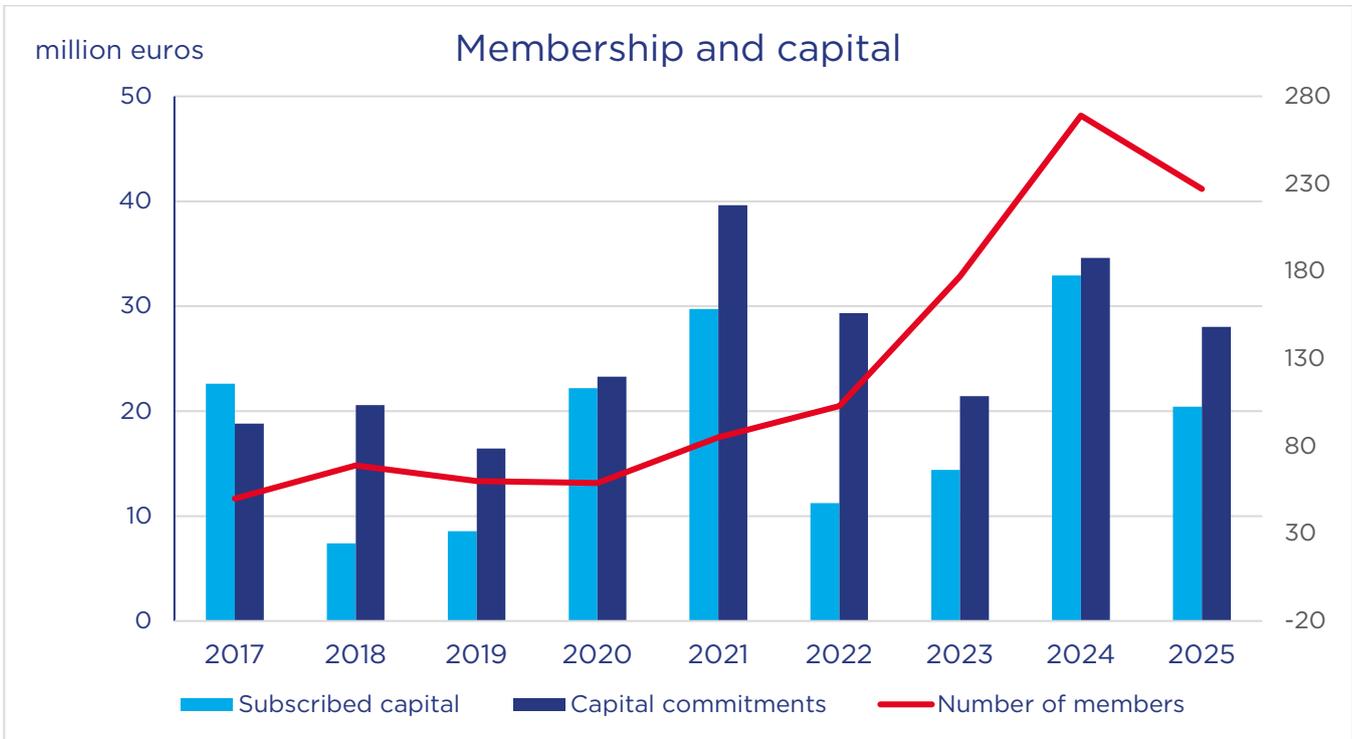
Yves Millardet, Chairman of AFL's Executive Board

ACTIVITIES IN 2025

MEMBERSHIPS

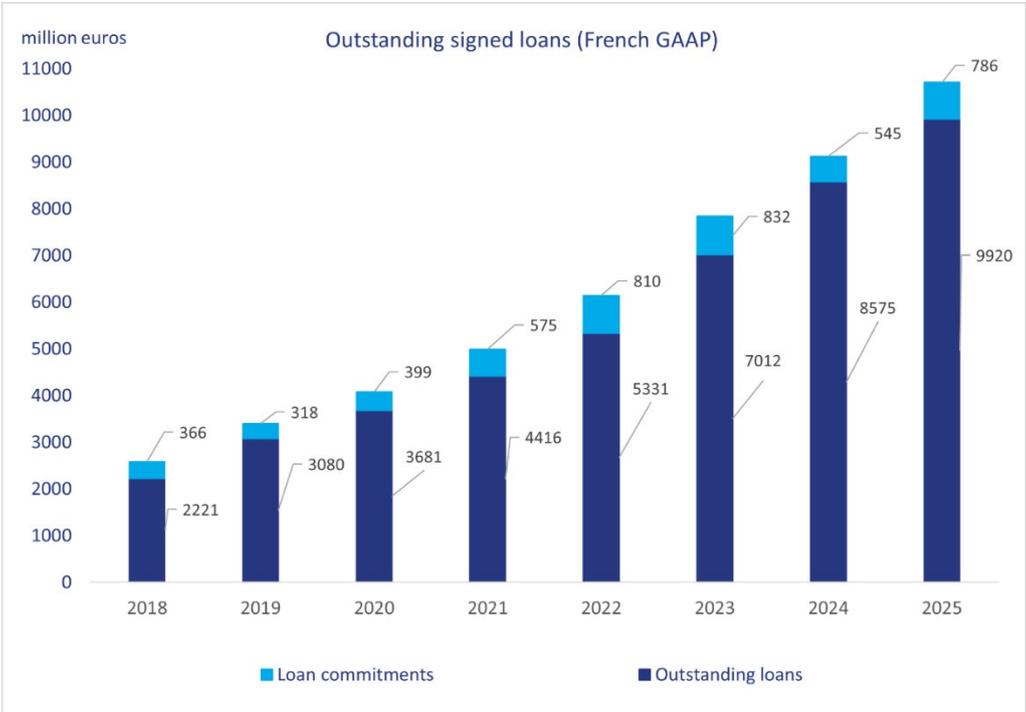
In 2025, the number of new Members totalled 227 local governments, representing another significant rise in membership, bringing the total number of local government Members to 1,271 vs. 1,045 on 31 December 2024. As a result, capital pledged to AFL-ST rose by €28.02m to €356.22m and paid-up share capital by €20.43m to €285.41m. At 31 December 2025, 5 metropolitan regions, 15 conurbations and 20 French departments were Members of the AFL Group, in addition to numerous inter-municipalities and municipalities of all sizes, which are actively run across the territory - whether in urban, suburban or rural areas. With the rapid increase in the number of Member local governments in recent years, the AFL now covers the entire territory.

In terms of outstanding debt, as at 31 December 2025, AFL Group Members accounted for 29% of total local government debt.

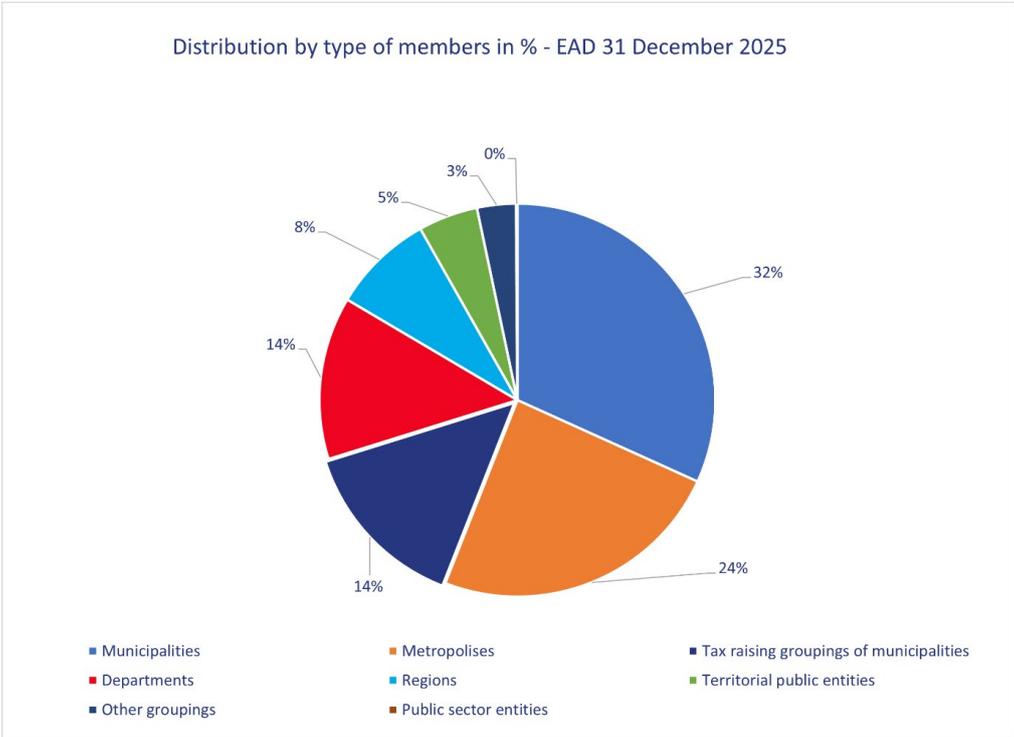


LOAN ORIGINATION

The rapid and steady increase in AFL’s outstanding loans results from its Members’ successful competitive loan offerings, sustaining a high equipment rate year-on-year. With a total outstanding amount of €10.7B at end-2025, the AFL has cemented its strategic partner status for its Members to access bank financing.



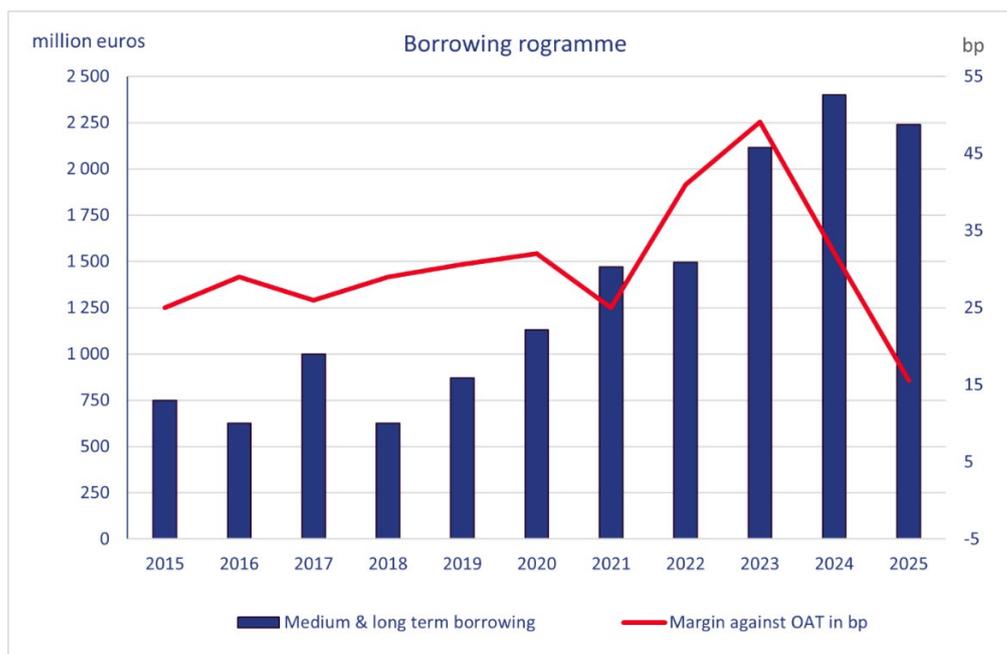
Growth in outstanding loans granted is to the benefit of all AFL Group Members, irrespective of category.



RESOURCES

For AFL, 2024 was marked by the change in its debt classification from HQLA-2A to HQLA-1 as well as an alignment of its rating with that of the French State. This triggered a significant revaluation of AFL's debt in relation to the *Obligations Assimilables du Trésor* (French Treasury bonds - OAT). This trend continued in 2025, with a substantial tightening of the average issuance cost to a 15.6 basis points spread above the OAT curve, vs. 32.5 basis points in 2024, for a total issuance amount of €2.2B, compared to €2.4B in 2024.

Despite geopolitical tensions, high volatility in the financial markets resulting from a further downgrade of France's credit rating and uncertainties weighing on economic growth in Europe, the AFL consolidated its position with investors.



Year upon year, AFL - which engages in exclusive refinancing by issuing debt securities in the capital markets - continues to build up a euro-denominated curve over a wide range of maturities, combined with bond issues in currencies and private placements.

The primary aim of this strategy is to diversify the investor base, thereby strengthening the placement of AFL's debt, while meeting the need to strengthen the balance sheet.

Against this backdrop, since 2015, AFL rose the equivalent of €14.8B on the primary bond market, including €12.6B on the euro market, from 300 investors.

As part of its CSR strategy, and in line with the AFL's commitments to embody responsible finance, in 2020, AFL established a sustainable issuance system, which was updated in 2025 to reflect the standards of the International Capital Market Association (ICMA), from which it carries out sustainable bond issues backed by financing or refinancing of capital expenditure by Member local governments on environmental and social projects.

Since 2020, this mechanism has enabled AFL to raise €2.25B on the bond market, with these resources re-lent to its Members in order to finance investments in basic social services, the energy and ecological transition and sustainable infrastructure, all of which contribute directly to achieving United Nations' Sustainable Development Goals (SDGs). Combined with achieving HQLA Level 1 status in June 2024, this programme seeks to strengthen AFL's credibility as an issuer of sustainable debt securities and increase investor confidence.

In addition, in 2025, AFL continued to actively manage its cash position with the aim of limiting carrying costs, in particular by reducing holdings of non-interest-bearing or low-yielding cash.

KEY FIGURES (31/12/2025)

- › Number of Member local governments: 1,271
- › Pledged capital: €356m
- › Outstanding signed loans: €10.7 billion
- › Outstanding debt raised on the markets: €11.2 billion
- › 70% success rate with Member local governments in 2025 by number of consultations and 34% by volume

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GLOSSARY

ICC	Initial Capital Contribution
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 Territorial Company	Agence France Locale – Société Territoriale, the parent company of Agence France Locale
ALCo	ALM Committee
ALM	Asset and Liability Management
AMF	Autorité des Marchés Financiers (French Financial Markets Authority)
AT1	Perpetual Fixed Rate Resetable Deeply Subordinated Notes recognised as Additional Tier 1 capital (“AT1”)
ECB	European Central Bank
AC	Audit Committee
RC	Risk Committee
ICC	Internal Control Committee
CET1	Common Equity Tier One
FGTC	French General Tax Code (“Code général des impôts”)
Government(s) Or Local government(s)	Local and regional governments, groupings of such governments and other local public institutions
Medium- to long-term loan	Loan granted by AFL to a Member with an initial term of more than 364 days
GRC	Global Risk Committee
CAVC	Corporate added-value contribution
ALT	Average lifetime
EAPB	European Association of Public Banks
ECMS	Eurosystem 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)
LPE	Local public entity
TPE	Territorial public entities
FED	United States Federal Reserve
Agence France Locale Group or AFL Group	The Group comprising Agence France Locale – Société Territoriale and Agence France Locale
HQLA	High quality liquid assets
ICMA	The International Capital Market Association
DTA	Deferred tax assets
DTL	Deferred tax liabilities
IFRIC	IFRS Interpretations Committee
IMR	Initial margin requirement
LCR	Liquidity Coverage Ratio

Members	Local French governments, their groups and local public entities whose applications for membership were completed, therefore becoming shareholders in AFL-ST
NIM	Net interest margin
NSFR	Net Stable Funding Ratio
OAT	Obligations Assimilables du Trésor (French Treasury bonds)
OI	Official institutions
NBI	Net banking income
GOP	Gross operating income
NI	Net income
RRD	Recovery and Resolution Directive
RWA	Risk weighted assets
SaaS	Software as a Service
ISMP	Information Systems Master Plan
NDS	Negotiable debt securities
TL-TRO	Targeted longer-term refinancing operations
NPV	Net Present Value



1. The Company's activity

1.1. DEVELOPMENT STRATEGY AND MODEL

Authorised by French 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 consisting of Agence France Locale - Société Territoriale (“**AFL-ST**”, the parent company with financial holding company status) and, Agence France Locale (“**AFL**”, the subsidiary, a specialised credit institution). The Agence France Locale Group is formed by the combination of these two companies. The purpose of its two-tier governance is to separate the operational management, handled by the technical credit institution (“**AFL**”), from the shareholder representation, management of guarantees and the definition of strategic policies, handled by the Société Territoriale (AFL-ST). This separation of responsibilities makes it possible to prevent conflicts of interest that could arise in the form of intervention by Member local governments in the day-to-day management activities of AFL, to ensure that the involved parties are accountable in the context of their missions and lastly to have adequate control and monitoring mechanisms¹.

For this reason, the AFL’s Articles of Association provide that the Supervisory Board must be composed of a majority of independent members; in addition, most members of the Supervisory Board must be recognised for their professional expertise in banking, finance and/or risk management. In so doing, shareholders accept and acknowledge that it is important for banking and financial professionals to be responsible for the oversight of the credit institution.

The main tasks of AFL-ST, the AFL Group’s parent company, are as follows:

- › Representation of shareholders;
- › Management of the guarantee mechanism;
- › Appointment of the members of the credit institution’s Supervisory Board;
- › Setting of major strategic guidelines and of the risk appetite framework; and
- › Promotion of the model among local governments, jointly with AFL, with a view to increasing the number of shareholder Members.

The main tasks of AFL, a credit institution more than 99.99% owned by AFL-ST, are as follows:

- › Granting of credit exclusively to shareholder Member governments;
- › Fund-raising on capital markets; and
- › Day-to-day operational management of financial activities.

1.1.1. A robust structure

AFL is an investment financing facility for local governments in which they are the exclusive shareholders through Société Territoriale (AFL-ST), its majority shareholder, which holds a stake of over 99.9%.

The optimisation of the cost of financing on the capital markets is the result of AFL’s high credit quality, which is supported by the quality of the assets on its balance sheet, prudent financial policies and a double mechanism of explicit, irrevocable and on demand guarantees.

On the one hand, the “**Member Guarantees**” granted by local governments that are AFL-ST shareholders to the benefit of any financial creditor of AFL enable local government shareholders to be called on 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

¹ See Section 4.1 for information on Agence France Locale - Foncière, an AFL subsidiary established in May 2024.

Member local government with AFL. In this way, a creditor can call the guarantee from several local governments. A local government 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 solidarity between Member local governments in the payment of the amounts due while the liability of each is limited to the size of its own outstanding medium- to long-term loan. To ensure it has sufficient liquidity, AFL tends to borrow more than it lends to Members. As a result, the securities issued by AFL are not fully covered by the Member Guarantee mechanism:

- › On average, approximately 80% of the total amount of AFL's borrowings on the markets are used to grant medium and long-term loans to Members;
- › As a result, around 20% of the total borrowings issued by AFL on the markets were retained, both to ensure AFL's liquidity, in accordance with its regulatory requirements and good management practice, as well as 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 for the benefit of any of AFL's financial creditors, enables the creditor(s) to call on AFL-ST directly for a guarantee. The ceiling of the "ST Guarantee" is set by the Board of Directors. It was increased from €5B to €10B by the Board of Directors on 28 September 2018, then to €15B by the Board on 13 June 2022, and lastly to €20B by a resolution of the Board of Directors on 11 June 2024. It covers all the commitments made by its subsidiary, AFL, to its beneficiary creditors. At 31 December 2025, the amount of guaranteed securities issued by AFL, corresponding to debt issues and financial transactions with counterparties, amounted to €16.49B.

This two-part mechanism allows the beneficiaries of these guarantees² to have both the option of (i) calling on local governments that are AFL Group Members as guarantors, and/or (ii) being able to operate the "ST Guarantee", which offers the advantage of simplicity in the form of a single point of contact.

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

²The guarantee models are accessible on the AFL Group's website: www.agence-France-locale.fr

1.1.2. 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 debt and lending activities, for a period of twelve months; this reserve is largely made up of liquid assets that can be used for the regulatory Liquidity Coverage Ratio (LCR).

A funding strategy that encourages a diversity of debt instruments (including benchmark issues in euros traded in regulated markets, including Sustainable Bonds, public issues in foreign currencies, private placements, etc.), as well as the diversity of the investor base, both by type and geographical area.

In order to reduce its liquidity price risk, AFL strictly monitors the maturity gaps. It has undertaken to limit the difference in average maturity between its assets and liabilities to 18 months, albeit with the possibility of extending it to 24 months over a maximum period of six months.

Regarding access to liquidity, it should be noted that AFL has a credit line with Banque de France, available at any time, through the use of receivables from local governments that AFL includes in its balance sheet, via the ECMS (Eurosystem Collateral Management System).

1.1.3. A model benefitting local governments

The purpose of the AFL Group: to embody responsible finance to strengthen the power of the local world to meet the present and future needs of residents.

The AFL Group was designed to better **serve its customers on three levels.**

Firstly, through AFL's unique status as shareholder borrower, which enables borrowers to ensure that their interests are at the heart of the AFL Group's objectives, through its position as shareholder of AFL-ST. AFL-ST's responsibility is to pursue the Group's strategy, defend the interests of all borrowers and pool each one's interests for the benefit of all local governments.

Secondly, since its creation, AFL has chosen to implement on-line services that combine efficiency, security and speed with the objective of better meeting the needs of its Member borrowers.

Lastly, a team dedicated to the relationships with local governments sees to it that each of their specific expectations is met.

1.1.4. Rating of senior debt instruments 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. The AFL received the same rating as France from Standard & Poor's and Fitch Ratings. The AFL's debt programmes (EMTN (Euro Medium Term Note) and ECP (Euro Commercial Paper)) received the same rating as the issuer.

Rating/Rating agency	Fitch Ratings	S&P Global Ratings
Long term	A+ (stable)	A+ (stable)
Short-term rating	F1+ (stable)	A-1 (stable)

*The bonds issued as part of the EMTN Programme (the **Securities**) may or may not be subject to a rating. The rating of the Securities, if applicable, will be specified in the Definitive Conditions of the Securities issue concerned. The rating of the Securities will not necessarily be identical to that of*

the EMTN Programme. A rating is not a recommendation to purchase, sell or hold Securities, and may be suspended, modified or withdrawn at any time by the rating agency concerned. At the time of issuing this report, Fitch Ratings and Standard & Poor's are rating agencies established in the European Union (EU) and registered in compliance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the **French Accounting Standards Authority - "ANC" - Regulation**) and feature on the list of credit rating agencies published on the website of the European Securities and Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in compliance with the ANC Regulation. Where applicable, the ratings issued by Fitch Ratings and Standard & Poor's are endorsed by rating agencies established in the United Kingdom (UK) and registered in compliance with the Accounting Standards Authority Regulation forming part of the laws that apply to the UK, pursuant to the European Union (Withdrawal) Act 2018) (the **UK Accounting Standards Authority Regulation**) or certified pursuant to the UK's Accounting Standards Authority Regulation.

1.1.5. HQLA1 standard for senior debt securities issued by AFL

The Supervisory Council of the ACPR (*Autorité de contrôle prudentiel et de résolution*, ACPR - France's financial supervisory authority) adopted Decision No. 2024-C-18 on 21 June 2024 allowing French municipalities, departments, regions and inter-municipal cooperation structures ("EPCI") to be assimilated into the French central government with a separate tax status, as well as governments ruled 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**) pursuant to 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 governments and local governments (**RGLA**) which must be permanently equal to or greater than 90% of the total outstanding loans³. At 31 December 2025, this percentage was 90.92%.

³ Notice 2024, Methods for calculating and publishing prudential ratios within the scope of the CRD IV (Capital Requirements Directive IV) MREL (Minimum Requirement for own funds and Eligible Liabilities) (version of 28 June 2024), ACPR (France's financial supervisory authority).

1.1.6. General ESEF information

Name or other identifier of the reporting entity: Agence France Locale (AFL) – LEI No. 969500NM14UP001O8G47 - Lyon Trade Register No. 799 379 649

Explanation of changes to the name or other identifier of the reporting entity since the end of the previous reporting period: N/A

Country of the entity's registered office: France

Information on the legal structure under which the entity operates: Société anonyme (French public limited company) with an Executive and Supervisory Board under French law.

Entity's country of incorporation: France

Entity's registered address: 112, Rue Garibaldi, 69006 Lyon, France

Principal place of business of the entity: 112, Rue Garibaldi, 69006 Lyon, France

Description of the nature of the entity's operations and its principal activities: see Part 1.2.

Name of the entity's parent company: Agence France Locale Société Territoriale

Name of the parent company of the group: Agence France Locale Société Territoriale

Information on the duration of the entity if constituted for a limited time: 99 years from the date of its registration in the Trade Register, i.e. until 23 December 2112, unless extended or dissolved early.

1.2. REVIEW OF ACTIVITIES OVER THE 2025 FINANCIAL YEAR AND HIGHLIGHTS

1.2.1. Economic and financial developments

Economic and market update

Several phenomena characterised 2025.

Across the globe, the economy continued to grow albeit at a slow pace, estimated around 2.8% to 3.0% according to International Monetary Fund and World Bank data. That said, given the considerable regional disparities, with robust momentum in Asia and softer growth in the United States and Europe as well as a mixed environment in Latin America and Africa – penalised by debt and low investment.

-) Over the period, global prices continued their overall downward trend while remaining above the targets set by major central banks. Against this backdrop, the rate cut cycle that began in June 2024 for the European Central Bank (ECB) and September 2024 for the Fed, continued throughout 2025 albeit at a more sluggish pace than initially anticipated, as inflationary pressures were not completely overcome. In parallel, central banks continued to gradually reduce the size of their balance sheets, helping to drive an orderly withdrawal of excess liquidity. The combined rate cuts and quantitative tightening triggered a more balanced and less volatile market environment.
-) The somewhat alleviated Middle East conflict and the regionalised focus of the Russia-Ukraine war helped stabilise hydrocarbon prices, in turn levelling inflationary expectations, which has served to lower market volatility.
-) Across the markets, concerns are twofold. Number one: President Trump's ambitions to alter trade balances through an aggressive and targeted tariff policy. Number two: the state of play when it comes to France's public finances. Regarding pressures on trade, the sharp global downturn for stock markets in spring 2025 was a reminder of investors' sensitivity to the potentially far-reaching impact of trade tensions on the risk of a slowdown in resulting economic growth the world over. As far as France is concerned, the continuous deterioration of public finances for several years in contrast to other EU countries, coupled with difficulties in stabilising public financial statements and debt growth, paved the way for France's rating to be downgraded – a trend that continued in 2025. In 2024, Fitch Ratings initiated a downgrade of France's rating on 28 April, 2024, followed by Standard & Poor's on 31 May, 2024 and Moody's on 14 December, 2024. In 2025, Fitch Ratings downgraded France's rating again from AA- to A+ on 12 September, 2025, followed by Standard & Poor's on 17 October, 2025, which also lowered France's rating from AA- to A+. Lastly, while the Moody's rating agency did not degrade France's rating in 2025, it projected a negative outlook on 24 October 2025.
-) To compound these concerns, questions arise about the future of Europe and the challenges ahead. The latter include the risk of technological disengagement, particularly versus China and the United States, plus the continent over-dependence on the US for its security. Already in September 2024, the published Draghi report⁴ made an alarming observation on the technologically backward steps being taken by the European Union (EU). This is particularly owing to an innovation deficit and lost competitiveness which has built up since the 2000s. Similarly, the Letta Report⁵, issued in the April of that same year, emphasised the need to create a Savings and Investment Union in an effort to retain Europeans' savings throughout the continent.

⁴ The Future of European Competitiveness, Mario Draghi, September 2024

⁵ Much More Than a Market, Enrico Letta, 18 April 2024

- › The U.S. dollar underwent a more mixed trajectory in 2025 than the previous two years. After a sustained period of outperformance, linked to a robust US economy and favourable rate differential, it declined against a basket of major currencies – particularly the euro (-15% in 2025). In the main, this shift is due to changes in US Federal Reserve (Fed) monetary policy, which began a measured cycle of lowering its key interest rates as inflation converges towards its target. The narrowing of the U.S.-euro area rate differential, combined with relative improvement in the non-U.S. growth outlook, has helped curb the dollar's appeal as a carry currency. In 2025, the US currency saw its safe-haven status diminish against a continued uncertain geopolitical backdrop and in the face of relentless fiscal risks, not to mention an unpredictable US economic and trade policy. As such, there is still restricted dedollarisation – with related repercussions still difficult to assess.
- › With a new record for bond issues in 2025 across all categories in volume terms, the Euro market illustrates confidence among European and international investors alike as regards currency strength and this market's ability to meet financing needs for all economic players under good conditions. The segment of sovereign, supranational and public agency issuers (SSA -*Sovereigns, Supranationals & Agencies*) was characterised by the continued volume increase, at an all-time high, while the gradually reduced key interest rates, as kick-started in 2024 by the European Central Bank (ECB) and the US Federal Reserve (Fed) shifted their position to a marginally steeper curve, on the back of a lengthy period of trend reversal.

These sovereign and near sovereign issuers sustained intensive issuance programmes so as to finance budget deficits that are continually high or on the rise in Germany. The latter is fuelled by spending on the energy transition and mounting defence budgets. As such, despite the abundant market supply, demand from institutional investors remained brisk, driven by yield levels that appealed in real terms. In this regard, public agencies and supranational institutions benefitted from robust investor demand, notably green and sustainable issues, triggering these issuers to tighten their issuance margins over the year. Such issuance was further propelled by decreased interest rate volatility and market sentiment trending upward overall. However, differentiation between signatures was up, with investors pricing more in domestic fiscal trajectories and domestic political risks.

- › In 2025, the bank bond market confirmed its gradual return to normal – in the wake of observations these past few years. Improved financing conditions were reflected in tighter margins particularly in the case of senior debt segments (*Senior Preferred*⁶) and secured bond issues (*Covered Bonds*⁷). Financial institutions capitalised on more stable market windows, so as to optimise their capital structure and refinance maturities at more competitive costs.

The subordinate segment (Tier 2 and Tier 1) also rebounded, although investor selectivity remained high. Overall solid banking fundamentals – including healthy levels of capital, resilient assets and profitability propelled by continued favourable interest margins – helped rebuild confidence.

- › In 2025, capital markets transformed against a background of gradually adjusting monetary cycles, with inflationary expectations partly normalising and a reshaping of exchange rate balances. On the back of several years of aggressive monetary tightening, 2024 saw the main central banks enter a cautious easing phase, at different rates. On the one hand, the latter produced sweeping changes in the dollar, not to mention in bond markets issued by sovereign, supranational and public agency organisations. On the other, banks as well as overall investor allocation, were affected.

Local governments' financial position

⁶ Preferred senior debt is marked by a payment priority over other so-called subordinated debts.

⁷ Covered bonds are bonds whose service (interest paid and nominal repayment) is guaranteed by mortgage loans or public sector claims (local governments, in particular).

Based on the accounting situation at 31 December 2025 (main budget, provisional French Department of Tax, Public Finances and State Accounting (“DGFIP”) data to be stabilised in Q2 2026)⁸, local government finances trended better in 2025, with a stable budget for the grouping of municipalities and a recovery for French departments and regions.

- › **2025, and the turnaround in local public financial statements.** Thanks to a moderation in local public spending and a certain momentum observed in revenues, local governments performed more favourably in budget terms in 2025.

Across the board, real operating revenue (“RRF”) for local governments was up year-on-year at end-December 2025 (+3.3%), notably linked to rising tax revenues (+3.8%). On the back of a two-year decline (-33% between 2022 and 2024) in tax receipts from transfer taxes (*droits de mutation à titre onéreux* – “DMTO”), an essential resource for French departments, it rose 21.5% in 2025.

Local governments’ real operating expenditure (“DRF”) increased (+1.8%), driven by staff costs (+2.2%) in addition to purchases and external expenses (+3.2%). At end-December 2025, individual solidarity allowances (“AIS”) paid by French departments were up (+2.5%). Subsidies and contributions paid by French departments and regions decreased (-11.7%). The slowdown in operating expenditure is partly due to lower inflation – still impacted in 2024 by the high inflation of 2023 and by revaluations of the civil service index point.

Moreover, following the decline observed in 2024, overall gross savings for local governments were up significantly in 2025 (+17%).

- › **Capital expenditure marginally up.** Investment expenditure rose for the grouping of municipalities (+6.4%) but was down from prior years vs. French departments (-4.6%) and regions (-7.1%). Despite local public investment showing signs of slowing in 2025 and a stronger cash flow position, cash was used once again. Net cash for local governments amounted to €42B at end-December 2025, down by 3.7% overall, masking marked variances between segments (-38.8% for French regions and +11.4% for French departments).

Under such conditions, it is likely that, as in prior years, local government debt was up in 2025. However, this increase should be contained, enabling local governments to post a marginal debt ratio.

1.2.2. Loan origination

Medium and long-term loan origination by AFL in 2025 amounted to €1.832B, vs. €1.964B in 2024. In addition to this origination, €635m was added in cash loans, vs. €254m in 2024. Overall, AFL’s financing origination was up 10% between 2024 and 2025.

Against a backdrop of high issue spreads, contrasted with a Livret A (France’s government-regulated, tax-free savings account) index with notable appeal, in 2025, a large number of local governments opted for financing indexed to the Livret A.

The AFL, while maintaining long-term loan offers, fully assumed its role in diversifying financing by stepping up its involvement in complementary compartments – particularly bridge and cash loans. This approach has provided its shareholders with a comprehensive solution, covering all their needs (short to long term), while safeguarding the financial stability of their projects.

Both quantitatively and qualitatively, this consolidated origination underlines the the growth momentum achieved by AFL for several years, driven by an increasing flow of new local government memberships within the AFL Group.

⁸ General Management of Public Finances, Monthly accounting position for local governments (“SMCL”) at end-December 2025. Much like any position prior to the end of the financial year, this SMCL was punctuated by a pace to book accounting that varies year-on-year – and depending on local practices. As such, caution needs exercising when analysing the below results.

In 2025, the average maturity of medium- to long-term loan origination was 18.1 years vs. 18.7 years in 2024, almost unchanged year-on-year.

At the end of the 2025 financial year, outstanding loans, itemised according to French accounting standards, totalled €9.920B in loans made available and €786m in financing commitments, generating a total of €10.706B in signed commitments, which also included cash loans.

The uptick in AFL’s loan origination over 2025 took place in a market where local government borrowing use remained high, boosted by a recovery in investment spending by local governments that began in 2020. This is partly due to such authorities meeting the challenges of the ecological transition and France’s national low-carbon strategy.

1.2.3. Memberships

Continuous development

In 2025, 227 new local governments became members of the AFL Group. For reference purposes, among these new Members are the Val de Marne and Val d’Oise French Departments, the Urban Communities of Le Mans, Vannes, Lons le Saunier and Sarreguemines Confluences, in addition to the Cities of Anthony, Draguignan, Pia and Vénissieux. Memberships registered in 2025 led to a €28.02m increase in the level of capital pledged⁹, bringing the total to €356m.

At 31 December, 2025, AFL-ST’s share capital increased to €285,407,800.00 while AFL’s share capital rose to €262,529 573.74.

At 31 December, 2025, the AFL Group comprised 1,271 Members. The latter include 5 metropolitan areas, 20 French departments, 992 municipalities and 253 groups, including 15 conurbations, 6 regional public institutions (“EPT”), 10 urban groupings, 58 conurbation groupings, 80 municipality groupings and 84 local trade unions and public institutions.

The table below presents a breakdown of AFL-ST’s share capital and voting rights by local government type, at 31 December 2025, on the back of AFL-ST’s 46th sharecapital increase.

<i>Figures in € thousands</i>	Number	Committed capital	Paid in capital	% of capital and voting powers
Region	6	68 187	51 199	17,94%
Department	20	80 393	46 891	16,43%
Municipalities	992	77 194	66 925	23,45%
Groupings	253	130 444	120 393	42,18%
<i>Metropolises</i>	<i>15</i>	<i>81 617</i>	<i>77 872</i>	<i>27,28%</i>
<i>Territorial public entities</i>	<i>6</i>	<i>6 077</i>	<i>6 077</i>	<i>2,13%</i>
<i>Urban communities</i>	<i>10</i>	<i>5 217</i>	<i>4 481</i>	<i>1,57%</i>
<i>Suburban communities</i>	<i>58</i>	<i>18 987</i>	<i>15 097</i>	<i>5,29%</i>
<i>Municipality communities</i>	<i>80</i>	<i>4 262</i>	<i>3 342</i>	<i>1,17%</i>
<i>Other groupings</i>	<i>84</i>	<i>14 284</i>	<i>13 523</i>	<i>4,74%</i>
TOTAL	1271	356 217	285 408	100%

⁹ The pledged capital refers to the amount of capital contributions voted by local governments when they joined AFL-ST. For each local government, the pledged capital corresponds to a capital commitment, the amount and the terms of payment of which are set out in AFL-ST’s Articles of Association.

At 31 December 2025, AFL's share capital was €262,529,573.74 which broke down as follows: Agence France Locale – Société Territoriale ("AFL-ST") owns 2,786,417 shares (= number of voting rights) in AFL's capital while Métropole de Lyon (Lyon Metropolitan Area) owns one share. 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.

1.2.4. The Company's financial market operations

Company borrowing programme

The AFL's medium- to long-term borrowing programme for 2025, as approved by the Supervisory Board on 4 December 2024, was set at a maximum amount of €3B (as for the previous financial year), and a maximum volume of drawdowns under the ECP programme of €750m (as for the previous financial year), within this budget of €3B, including €700m that can be used for pre-financing for 2026 and/or higher-than-expected loan origination in 2025.

Bond issues as part of the Euro Medium Term Note (EMTN) programme

AFL has a bond issue programme known as "*Euro Medium Term Note Programme*" or "*EMTN programme*". Based on this programme, AFL transacts its bond issues.

In 2025, the AFL completed 21 transactions in the bond market – worth a total of €2.24B – at a 15.6 basis points spread above the OAT (French Treasury bonds) curve vs. a 32.5 basis points spread in 2024, and with maturity averaging 7.6 years compared to 7.8 in 2024.

These 21 transactions broke down as follows:

- 8 floating rate note private placements;
- 4 fixed-rate private placements, including 3 callable private placements for AFL;
- A €500m syndicated euro-denominated issue maturing in 2033 at an 18 basis points spread vs. OAT;
- A syndicated tranche of €250m
- from the bond issue maturing in 2038, with a 16 basis point spread vs. OAT;
- A €100m Swiss franc-denominated issue with a maturity of 2035 at an equivalent spread to OAT plus 14 basis points;
- A £300m sterling-denominated issue maturing in 2029 at a spread equivalent to OAT plus 15 basis points;
- 5 contributions of several private placement euro bonds for a total of €750m.

2025 heralded a record – both in terms of the number of transactions and range of debt instruments and currencies. Among the debt securities issued in 2025, 5 transactions were completed in the form of sustainable bonds under the AFL's sustainable issuance system.

This diversification forms the core of AFL's issuance strategy and aims to optimise the maturity profile of AFL's debts as well as its financing cost.

Sustainable bond issues

Since January 2020, AFL has had a sustainable bond issue mechanism in conformance with the ICMA (International Capital Market Association) principles with the objective of refinancing loans for local governments that support investments in sectors contributing positively to the United Nations Sustainable Development Objectives.

Deeply subordinated debt recognised as Additional Tier 1 (AT1)

On 17 December 2024, AFL issued Perpetual Fixed Rate Resettable Deeply Subordinated debt securities in a nominal amount of €50m, intended to be recognised as additional tier 1 equity capital of AFL and AFL Group. This issue has the objective of supporting AFL's development acceleration. With this transaction, AFL strengthens its capitalisation expressed as the "banking" leverage ratio and thus has a capital cushion with regard to its internal limits.

Effective 31 December 2025, the AFL notified the ACPR that it revokes the derogation from introducing prudential requirements on an individual basis, as stipulated in Regulation (EU) No. 575/2013 of the European Parliament and 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 CRR (the "Derogation"). Until that date, AFL is subject to consolidated prudential supervision, exclusively at its AFL-ST parent company level. On 4 December 2025, the ACPR informed AFL of its acknowledgement to revoke the Derogation, effective 31 December, 2025.

As a result, the Securities are eligible for regulatory purposes as Additional Tier 1 Capital within the meaning of Article 51 of the "CRR" regulation (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 "Settlement Date"), with the CRR making the ACPR (France's financial supervisory authority) settlement of an AT1 debt contingent upon direct supervision by the ACPR.

Aligning with the Terms and Conditions of the Securities, the rating of the Securities by S&P Global Ratings Europe Limited (S&P) was downgraded to "BBB" as of the Settlement Date which results from the admission of the Securities as an Additional Capital Category 1.

Money market issues as part of the ECP (Euro Commercial Paper) programme

AFL has a programme to issue debt securities with maturities less than one year – known as the "Euro Commercial Paper Programme" or "ECP Programme", under which it transacts money market issues.

In this context, AFL issued several ECPs over the period in order to optimise its cash management.

These issues were made under favourable conditions at a rate lower than the ECB deposit rate.

For the 2025 financial year, the average outstanding amount of ECPs totalled close to €300m.

1.2.5. Additional information

In 2025, the AFL sought to manage its operational model more effectively by creating a new department within the General Secretariat function – namely the Operations and Transformation Organisation Department. Its goal is to optimise processes and ensure resilience in AFL's operational model.

In 2025, the Autorité de contrôle prudentiel et de résolution (ACPR – France's financial supervisory authority) notified the AFL that its additional capital requirement, known as Pillar 2, was set at 0% due to its more stringent capital requirements.

1.2.6. Previous financial year earnings – Key figures pursuant to IFRS

Net banking income (NBI) for the 2025 financial year totalled €30,718k, vs. €23,886k for the 2024 financial year. This 29% increase is mainly owing to a higher net interest margin. Other NBI components comprising commissions, capital gains realised on securities in the liquidity reserve, hedge accounting revenues and IFRIC (International Financial Reporting Interpretations

Committee) reclassifications, albeit incurring a positive levy, represent only a limited share of this increase.

Net interest margin totalled €29,508k at 31 December, 2025 vs. €23,945k at 31 December, 2024. This €5.56m increase was mainly linked to the rise in interest income generated by the uptick in outstanding loans by €2.17m and the cancellation of €3.5m in interest expense – in connection with the hybrid capital instrument or AT1 (Additional Tier 1) which is directly allocated to equity.

In 2025, the net interest margin (“MNI”) factored in lower compensation from liquidity reserve assets and particularly Banque de France deposits, which sparked an increase in its carrying cost, due to worsening refinancing conditions following the downgrade of France’s rating.

At 31 December, 2025, and compared to the previous financial year, commissions amounted to €325k vs. €227k, while capital gains on disposal amounted to €519k from €493k and hedge accounting net profit was €353k vs. a net loss of -€793k.

General operating expenses for the period amounted to €16,852k, compared to €14,816k for the previous financial year, up by €2,036k, once restated after applying IFRIC (International Financial Reporting Interpretations Committee) to Software-as-a-Service (SaaS) arrangements. The impact of the IFRIC led to the cancellation of provisions totalling €684k. After depreciation and amortisation of €601k at 31 December, 2025, vs. €1,252k at 31 December, 2024, gross operating income stood at €13,265k, vs. €7,818k the same period a year prior.

At 31 December, 2025, AFL transacted writeback provisions of €37k on ex-ante impairment for expected losses on financial assets under IFRS 9, vs. a provision of €378k for the previous financial year. This minor alteration is owing to a marginal change in the weighting of macroeconomic scenarios underlying the provisioning calculation model, which factors in a stable 12-month macroeconomic scenario for all AFL commitments.

Of particular note was a €38m increase in Phase 2 loans to €138.7m, vs. €100.7m at 31 December 2024 for credit exposures, after factoring in the revaluated macro-hedging loans, which resulted in increased provisions of €69k and a €109k decrease in liquidity reserve assets.

The overall stock of ex-ante provisions stood at €1,499k at 31 December, 2025, vs. €1,536k at 31 December, 2024, corresponding to 1.26 basis points of outstandings, vs. 1.46 basis points the same period a year earlier.

After booking income tax of €2,501k, vs. €2,049k for 2024, net profit totalled €10,802k, vs. €5,390k at 31 December, 2024, illustrating continued growth within AFL against a depressed economic and financial backdrop.

1.3. SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

1.3.1. Capital markets

At the kick-off of 2026, the European bond market remained highly active, with the capacity to absorb a substantial flow of new issues – coupled with low volatility and steady inflationary expectations. There is an overall perception that inflation is under control, subject to some inflexible aspects. January’s data point to eurozone inflation fell below 2% to around 1.7%, and core inflation (excluding food and energy) close to 2.2%, reemphasising a soft landing rather than a recession scenario.

The eurozone ended 2025 with better-than-expected momentum (positive quarterly growth at end-2025) with signs of improved confidence in economic agents and manufacturing production indicators. Looking ahead to 2026, the key scenario is still focused on soft acceleration driven by

domestic demand, against a background of uncertainty with respect to trade and geopolitical tensions the world over.

As regards the bond market of sovereign, supranational and public agency issuers, the initial months of the year were distinguished by a balance between structural demand to hold securities on high-quality deals and substantial supply of securities, as in 2025, bolstered by public deficits and considerable investment needs – in a context of continued quantitative tightening by the ECB.

In banking, 2026 kicked off with a continued high issuance volume – potentially lower than 2025 – which is due to refinancing needs and the management of the MREL/TLAC (Minimum Requirement for own funds and Eligible Liabilities/Total Loss-Absorbing Capacity – regulatory resource buffer which can be used in the event of further necessary capital-raising). Also of note is issuers' preference for senior non-preferred debt issues and solid resilience in the Tier 2/Tier 1 segment, fuelled by demand when issuance margin levels are calibrated to the right price. With respect to covered bonds, the forecast anticipates an issue volume of €160B to €170B in 2026, with a net supply (net of the year's redemptions) whose absorption should be facilitated by the issuance of longer maturities.

Since the start of the year, the ECB has assumed a status quo position by maintaining the deposit rate at 2.00% with a focus on pragmatic monetary policy, pulling available data from across meetings and aiming for an inflation path deemed compatible with the medium-term target. Parallel to this, excess liquidity continues to be withdrawn from the market with a reduction in its balance sheet and the non-reinvestment of maturities for various programmes.

In the United States, the Fed is also on standby: the FOMC (Federal Open Market Committee) is maintaining the “fed funds” target range at 3.50%–3.75%, judging activity as still “steady” and inflation “somewhat high”, while sustaining a pathway that is subject to future publications based on macroeconomic data.

1.3.2. Market operations

Looking ahead to 2026, the AFL's medium- and long-term borrowing programme, as approved by the Supervisory Board on 9 December 2025, was set at a maximum amount of €2.5B, with an additional authorisation for draws under the ECP Programme for a maximum €750m. Within the €2.5B budget, €500m may be used for pre-financing for 2027 and/or higher-than-expected loan origination in 2026.

To date, given the AFL's favourable liquidity, no transactions were carried out on the bond market since the year started.

1.3.3. Planned building society acquisition

[Insert text from the press release]

1.4. EXPECTED SITUATION AND FUTURE OUTLOOK

The AFL kick-started its twelfth year of business, furthering its development boosted by frequent new member registrations from local governments, and competitive loan offers specially designed for its shareholders which target a stable or high equipment rate. This strategy is expected to continue driving growth across AFL's balance sheet in the years ahead.

With a steady increase in the years following AFL's inception, new membership has accelerated since 2020, exceeding 100 in 2022 before reaching 177, 269 and 227 new members in 2023, 2024 and 2025

respectively. Year-on-year, the number of new members propels more substantial loan origination activity, in turn resulting in the increased use of AFL's refinancing on the capital markets.

Due to the significant contribution from French local governments to achieve targets under the national low-carbon strategy, their use of borrowing should remain at a high level so as to continue adjusting their local infrastructure to address climate, energy and social challenges.



**2. Balance sheet
assets at 31
December, 2025
(IFRS)**

AFL assets mainly consist of loans to local communities, with securities resulting from the placement of liquidity reserves, AFL's bank statements, margin calls paid to swaps and the fair value of hedging derivatives. At 31 December 2025, AFL's assets mostly consisted of loans to Member local governments. Deposits with Banque de France constitute a buffer, resulting from several fundraisings during the period, pending future disbursements as part of the production of loans and the maturity of debt instruments. At 31 December 2025, the share of liquidity in relation to the balance sheet total was 17.5%, i.e., the same as 31 December 2024.

Extracts from the main asset items (IFRS)

In thousands of euros	Dec. 31 2025	Dec. 31 2024	Dec. 31 2023
Loans and customer transactions	9 485 341	8 247 330	6 576 479
Securities at fair value through other comprehensive income	721 498	763 359	591 496
Securities held at amortized cost	527 652	465 424	329 201
Loans and receivables due from credit institution	169 429	194 798	71 509
Margin calls	66 352	55 670	103 784
Cash and central banks	741 855	485 842	975 130
Hedging derivative instruments	663 081	676 072	705 064

2.1. LOANS GRANTED TO LOCAL GOVERNMENTS

The loan portfolio, recorded on the assets side of AFL's balance sheet, which was booked at amortised cost, represented an outstanding amount of €9.485B at 31 December 2025, vs. €8.247B at 31 December 2024, after factoring in interest rate changes due to hedge accounting. This portfolio must be supplemented by loans signed but not disbursed and which appear off-balance sheet, in order to have an overall view of AFL's outstanding loans. At 31 December 2025, off-balance sheet financing commitments amounted to €786m, vs. €545m at 31 December 2024. As a result, at 31 December 2025, AFL's total loan commitments to local governments totalled €10.272B, compared with €8.792B at 31 December 2024. This 17% increase in outstanding loans throughout 2025 is attributable to capital expenditure momentum observed by local governments and the brisk pace of new local government memberships within the AFL Group.

Changes to the medium-long-term loan portfolio is shown in the below graph.

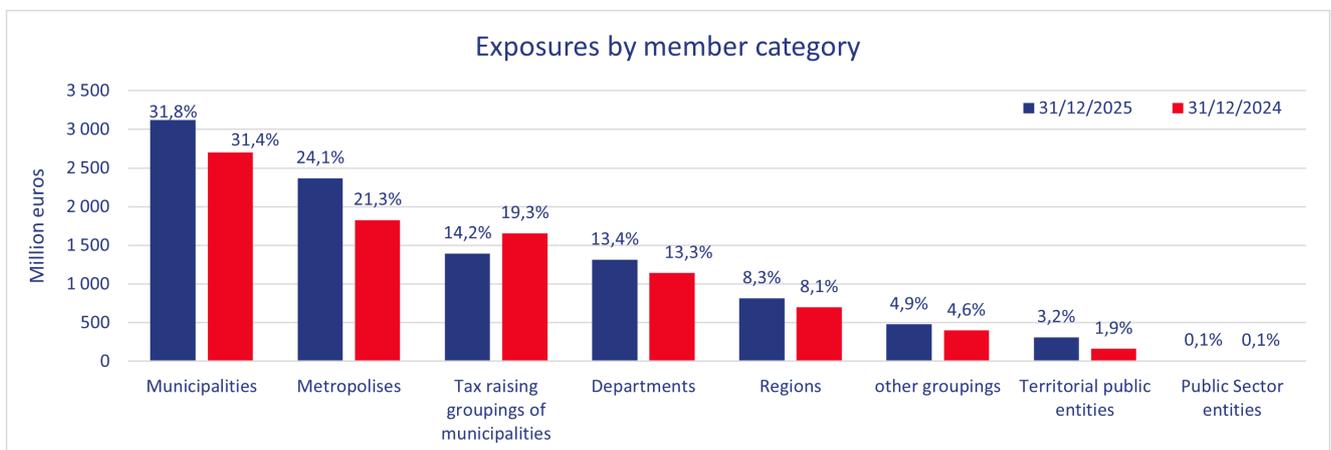
Outstanding loans at 31 December 2025 (IFRS)



AFL lends exclusively to French local governments, groups of local governments and local public entities that are shareholders of AFL-ST. As indicated in the following graph on the breakdown of exposures by category of local government in percentage terms and in millions of euros, the composition of the portfolio is very stable from one year to the next. At 31 December 2025, 73% of the loan portfolio consisted of exposures to the entire grouping of municipalities, vs. 74% at 31 December 2024, with 32% in municipalities, compared to 31% in 2024, 24% in metropolitan areas, compared to 21% in 2024 and 14% in other groups with their own taxation, vs. 19% at end-2024.

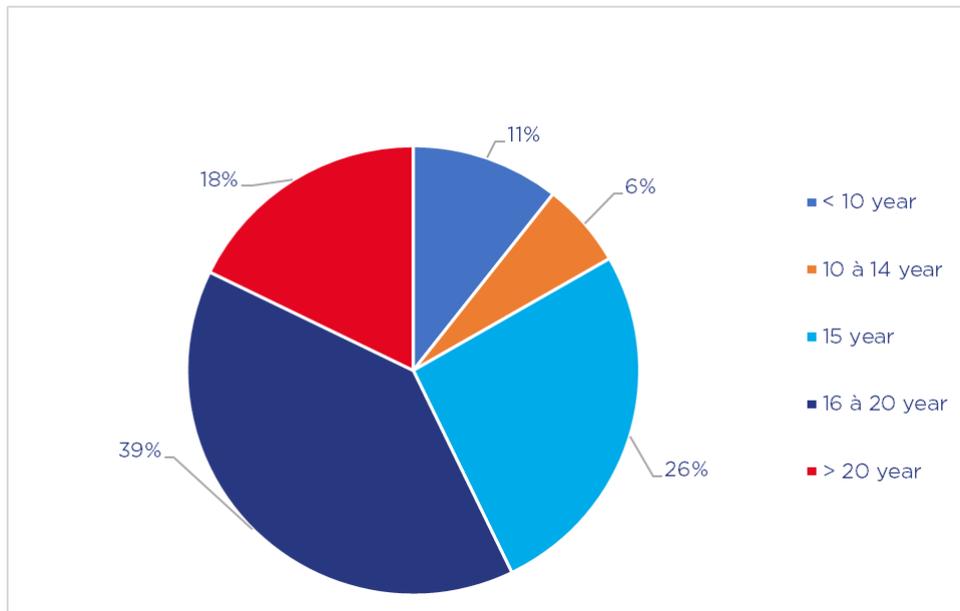
Exposure to regions, French departments and trade unions was stable year-on-year at 8%, 13% and 5% respectively.

Exposures by type of Member (%)



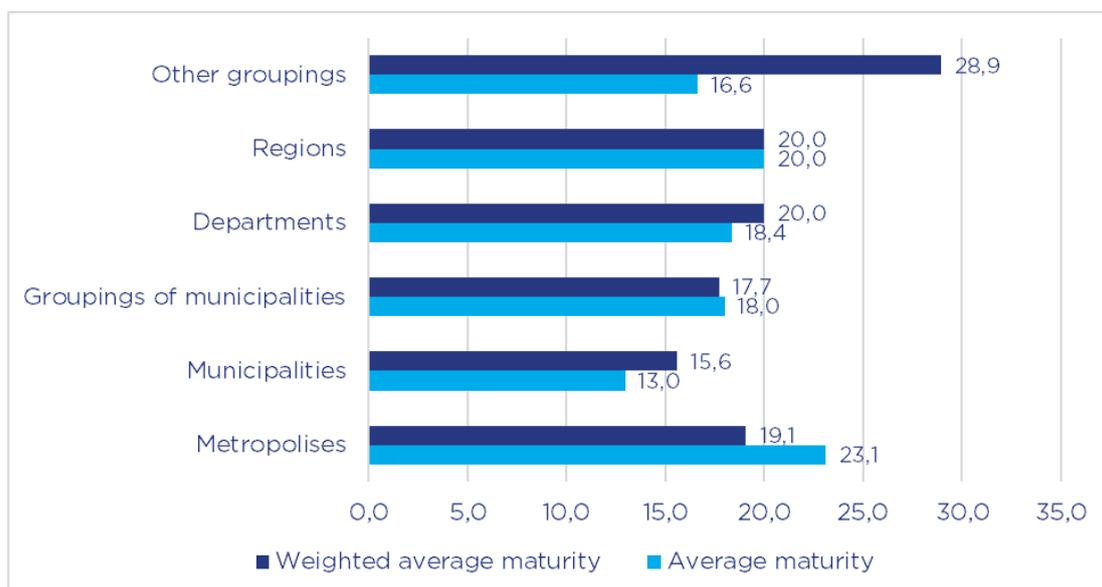
As shown in the below graph, 72% of AFL’s loan originations in 2025 have a maturity between 10 and 20 years. This figure was 81% in 2024. 26% of loan originations have a maturity of 15 years, vs. 23% in 2024, while 39% have a maturity between 16 and 20 years, vs. 49% in 2024. 11% of loan originations had a maturity of less than 10 years, compared to 5% in 2024, and 18% on loans with a maturity of 20-plus-years, vs. 14% in 2024. This breakdown shows rather high stability of average maturities of loans originated from one year to the next.

Breakdown of local government loan originations by maturity in 2025



The below graph illustrates the average maturities and volume-weighted average maturities of AFL’s loan origination activities in 2025, as of 31 December 2025, arranged by local government category. We observe a fairly high degree of homogeneity between categories, with a bias towards slightly longer maturities for trade unions and groups with their own tax status, excluding metropolitan areas, than for the regions, departments and municipalities.

Average maturity of loan origination in 2025 by local government segment (year-on-year)



2.2. 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 loans and retained to support the liquidity of the bank, in accordance with the regulatory obligations, AFL's liquidity policy guidelines and good management practices.

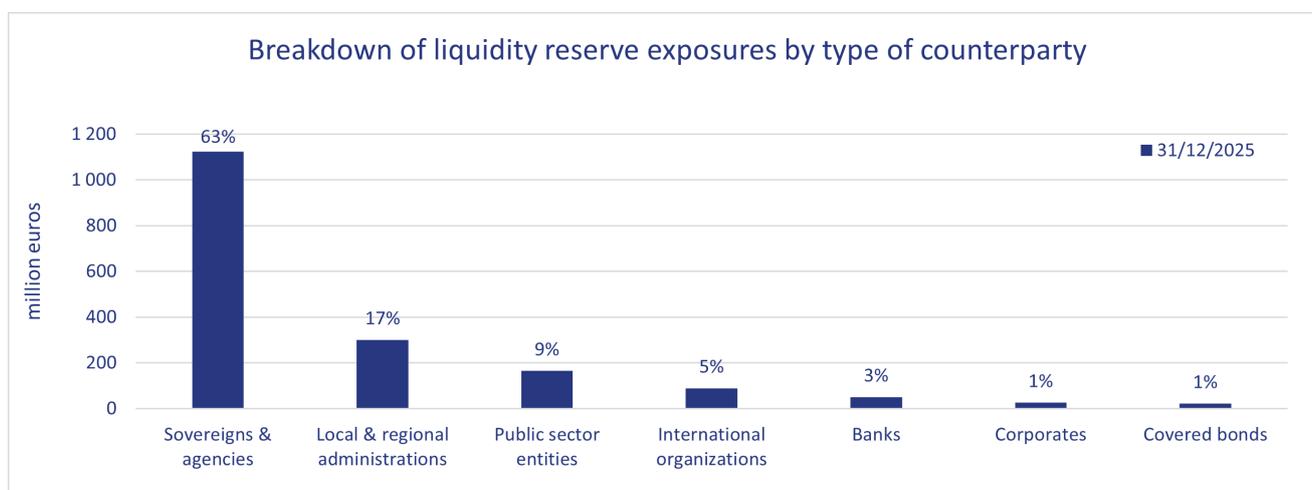
AFL's liquidity reserve serves the principal purpose of meeting the institution's cash flow requirements, with the primary objective of providing the liquidity required for lending activities and debt servicing, but also for margin calls that AFL may have to make as a result of its use of interest rate and exchange rate hedging instruments, in accordance with its financial policies and management objectives. This liquidity must be available regardless of market circumstances, with it being specified that the resources which may be mobilised by AFL are resources raised on the capital markets.

At 31 December 2025, the assets comprising the liquidity reserve totalled €2.164B, vs. €1.909B at 31 December 2024. This liquidity reserve is divided into 2 main segments:

- › A segment invested in very short-term instruments and consisting of debt securities, deposits on nostri accounts, term accounts and deposits with Banque de France amounting to €911m;
- › A segment mainly but not exclusively consisting of securities benefiting from the HQLA label, due to their rating quality and high liquidity, amounting to €1.252B¹⁰.

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. This credit risk is nevertheless limited in view of the quality of the counterparties, which all enjoy excellent rating levels from the major rating agencies. At 31 December 2025, €1.776B, representing 82% of the liquidity reserve, consisted of HQLA assets, which were mainly sovereign and supranational issuers as well as public agencies and development banks. The remaining 18% principally represents nostri accounts, term deposits with banks, as well as some securities exposures to the banking sector. The securities acquired as part of the liquidity reserve include securities 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 high ratings, as well as securities issued by financial institutions, some of which are guaranteed by European States.

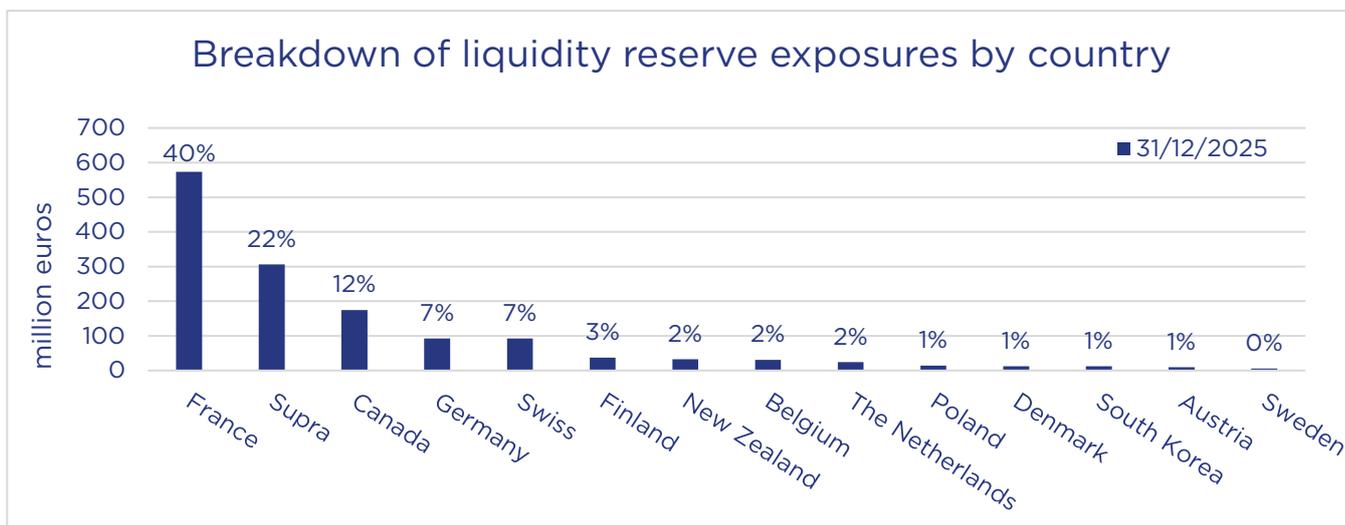
The following graphs show the breakdown of the exposures for the liquidity reserve by type of counterparty, country, rating and risk class.



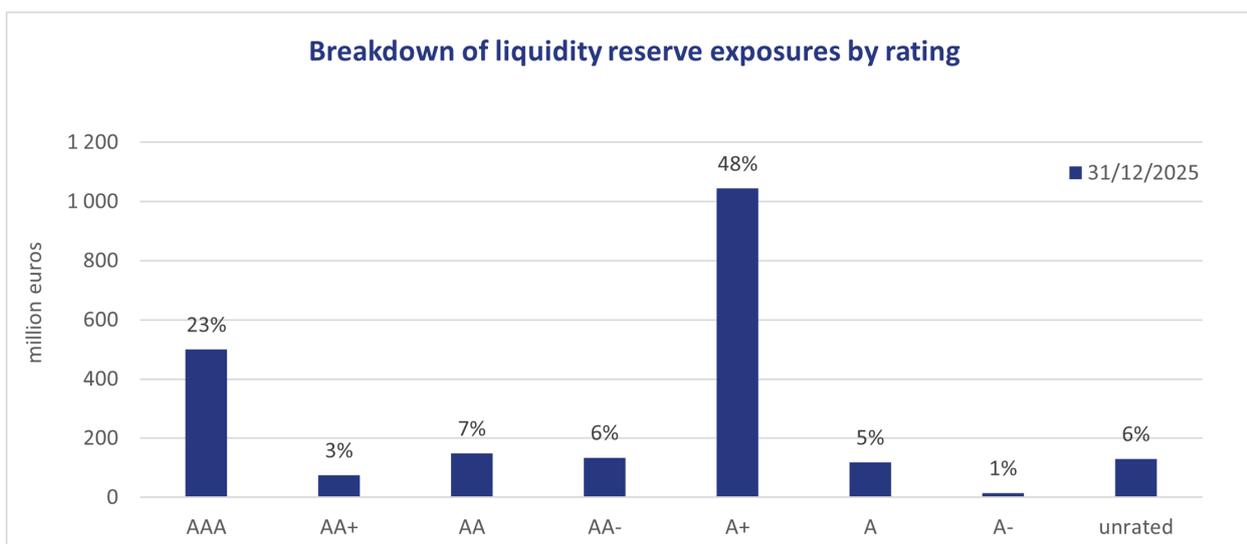
¹⁰€721m in securities at fair value through equity and €532m of securities at amortised cost.

As shown in the following graph, the assets comprising the liquidity reserve relate mainly to French issuers but also include European and international issuers. France's high proportion can be attributed to deposits with Banque de France, accounting for €742m out of a total €2.164B.

Excluding deposits with Banque de France, the liquidity reserve is highly diversified, particularly the securities portfolio, which delivers strong resilience under highly volatile market conditions.



The ratings of exposures carried by AFL in its liquidity reserve are very high. 40% of the exposures are rated AA- or higher. The significant share of A+-rated exposures mainly reflects exposures to France, previously rated AA- before the downgrade over the period with it being understood that €742m accounts for deposits with Banque de France. Unrated assets correspond to low-risk exposures to the public sector and to term deposits with the banking sector.



2.3. MARGIN CALLS AND HEDGING SWAP VALUATIONS

Excluding loans to local governments and liquidity reserve assets, the sum of financial assets on the AFL's balance sheet consists of margin calls relating to interest rate and foreign exchange hedging derivatives paid to the clearing houses LCH S.A. and Eurex Clearing, as well as market counterparties.

AFL hedges its exposure to interest rate and exchange rate risk through the use of exchange hedging contracts (swaps). This results in the payment of margin calls as a function of the value of these hedging derivatives.

AFL clears almost all of its interest rate swaps with the clearing houses LCH S.A. and Eurex Clearing, and executes its currency swaps with counterparty banks.

Margin calls paid by AFL in connection with interest rate swaps and cross currency swaps totalled €66.4m, compared with €55.7m as at December 31, 2024, representing very little change from one fiscal year to the next.

Furthermore, by hedging swap category, only currency swaps and those hedging callable debt instruments resulted in net margin calls paid by the AFL, amounting to €24.4m as at December 31, 2025, whereas the AFL had received €4.1m as at December 31, 2024, on these same categories of swaps. Margin calls received by AFL in respect of other interest rate swaps amount to €214.5m, compared to €152m as of December 31, 2024. These changes in margin calls remain limited relative to the growth in the outstanding balance of interest rate swaps and, to a lesser extent, currency swaps.

In connection with transactions cleared through clearing houses, AFL posts collateral (IMR or Initial Margin Requirement) in the form of debt securities, amounting to €69m as at December 31, 2025, compared to €68.6m as at December 31, 2024.

Translated with DeepL.com (free version) At 31 December 2025, the fair value of AFL's hedging swaps broke down as follows:

In thousands of euros	Dec. 31 2025	
	Notional	Market value
Interest rate swaps	19 560 954	215 915
Cross currency swaps	1 481 631	-28 062
Total	21 042 585	187 853

2.4. SECURITISATION

AFL has no exposure to securitisation.

2.5. SUBSIDIARIES AND SHAREHOLDINGS

Activities of Company subsidiaries and companies under its control

In the first half of 2024, the AFL formed a subsidiary as a single-shareholder simplified joint-stock company (SASU) - known as Agence France Locale - Foncière, with a capital of €12,500,000. Its purpose: to acquire real estate for office use located in the Lyon - Part Dieu district (Vertuo

building) with the goal of housing the AFL's headquarters upon completion of the works by the second half of 2026.

2.5.1. Equity investments and takeovers

AFL did not acquire any holdings in any company with its registered office in France or abroad during the financial year ended 31 December 2025.

Under the meaning of Article L. 233-3 of the French Commercial Code ("*Code de commerce*"), AFL controlled only one company at 31 December 2025: Agence France Locale - Foncière as specified in the previous section, which does not hold any stock in AFL. There were no treasury shares held by a controlled company.

2.5.2. Cross-shareholdings

AFL did not have to dispose of any shares in order to terminate the cross-shareholdings prohibited by Articles L.233-29 and L.233-30 of the French Commercial Code.

2.6. RETURN ON ASSETS INDICATOR

Since AFL's net income at 31 December 2025 was positive under both French GAAP and IFRS, the return on assets was consequently positive. The growth in AFL's banking activities in 2025 led to a significant increase in outstanding loans to local governments, for which interest received net of interest paid generated profits after taking into account current operating expenses and depreciation. This resulted in profitability of AFL's activities. As a result, at 31 December 2025, net profit, after factoring in income tax in relation to AFL's equity, totalled 2.64%.



3. Balance sheet liabilities and debt management (IFRS)

The AFL's liabilities mainly consist of debts incurred in connection with the bond issues carried out since AFL began its activities and which are yet to mature. At the end of the financial year ended 31 December 2025, outstanding debt, which was booked at amortised cost, totalled €11.226B, vs. €9.818B at 31 December 2024, after factoring in the impact of interest rate changes since the issue date of these debt instruments, owing to hedge accounting.

Regarding AFL's equity, on the back of four capital increases in 2025, subscribed share capital amounted to €263m, vs. €241m at 31 December 2024. With the €50m issue in deeply subordinated debt securities, the amount of equity according to IFRS was €326m vs. €296m at 31 December 2024, representing a 10% increase and strengthening AFL's balance sheet.

Extracts from the main liability items (IFRS)

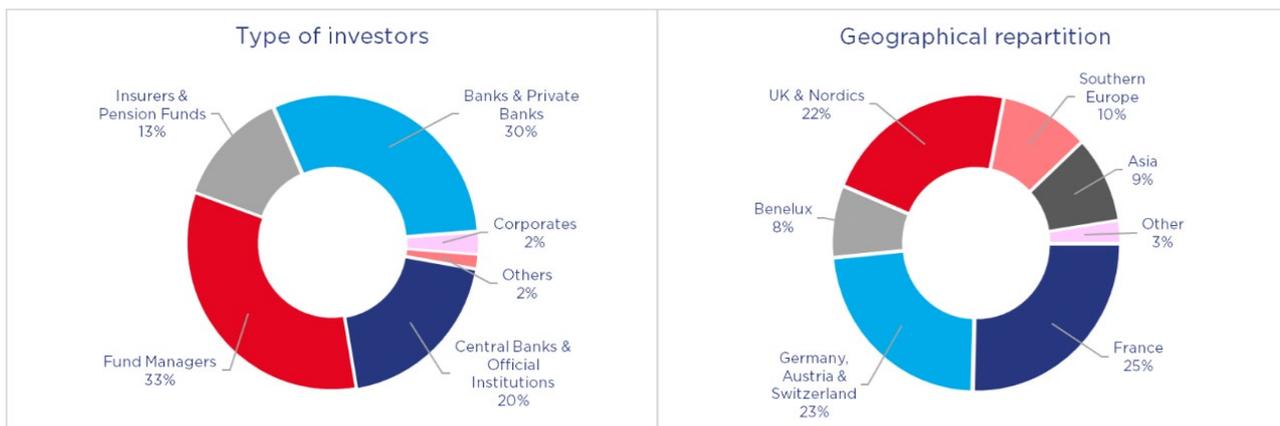
In thousands of euros	Dec. 31 2025	Dec. 31 2024	Dec. 31 2023
Debt securities issue	11 225 502	9 817 977	8 262 191
Equity	325 795	296 454	208 136

3.1. AFL FINANCIAL DEBT

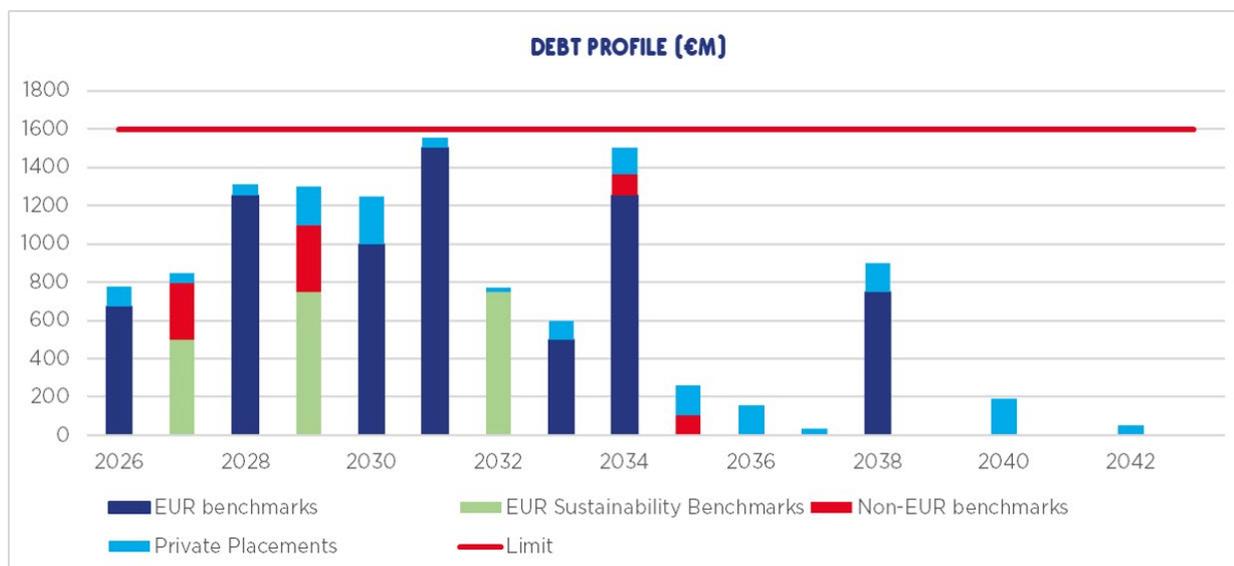
The debt portfolio reported for AFL's balance sheet liabilities, accounting for an outstanding amount of €11.226B as at 31 December, 2025 vs. €9.818B year-on-year, consists of bonds issued by the AFL to finance the growth of its lending activities as well as its liquidity reserve under its financial policies. A significant proportion of this portfolio comprises benchmark-sized syndicated issues denominated in euros and bonds denominated in foreign currencies, for the purpose of diversifying its resources. Finally, private placements were made to optimise AFL's financing cost and its balance sheet while meeting the specific demands of investors.

This mix of instruments and currencies reflects the implementation of AFL's issuance strategy, which consists of favouring syndicated benchmark-sized issues, denominated in euros, in order to establish AFL's signature on the markets and to ensure that it has the resources necessary for its development on a long-term basis, while at the same time making private placements denominated in euros or in foreign currencies, when demand permits. The distribution of the portfolio of syndicated euro-denominated issues is shown in the following graphs.

Geographical distribution and type of investor for AFL's euro-denominated issues



At 31 December, 2025, the average maturity of the AFL's bond debt was 5.6 years vs. 6.2 years at 31 December, 2024 and 5.9 years at 31 December, 2023. The debt maturity profile is shown in the following graph:



3.2. DEEPLY SUBORDINATED DEBT SECURITIES

In December 2025, AFL issued deeply subordinated debt securities intending to be recognised as additional tier 1 equity capital (“AT1”), for a nominal amount of €50m, with the aim of enabling the Group to implement its business plan while strengthening its capital base. These instruments became eligible for Tier 1 capital on 31 December 2025 after AFL, which until that date had benefited from a derogation under Article 7 of Regulation (EU) 575/2013 as amended, inter alia, by Regulation (EU) 2019/876 (the CRR Regulation), waived this derogation and is now supervised both at the AFL Group and AFL credit institution levels.

3.3. OTHER LIABILITIES

Margin calls received by the AFL in respect of interest rate hedge and cross-currency swaps amounted to €256,4m, vs. €211.7m at 31 December 2024, representing extremely high financial year-on-year stability.

3.4. BREAKDOWN OF ACCOUNTS PAYABLE

The below figures relate to the breakdown at the end of the financial year closing on 31 December, 2025, for the sum of AFL’s accounts payable to suppliers pursuant to Articles L. 441-14 and D. 441-6 of the French Commercial Code.

It should be noted that given the nature of AFL’s activities, the figures presented in the table only represent accounts payable, since AFL’s accounts receivable result exclusively from the loan agreements outlined in paragraph 2.1 above.

Breakdown of AFL’s accounts payable (amounts including tax)

Total trade payables (including tax in euro)				
Dec. 31 2025	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021
2 106 534 €	1 458 200 €	946 094 €	888 766 €	1 043 284 €

The following table indicates the number and amounts net of tax of supplier invoices received and not yet paid at the closing date of the financial year. Information on late payments is provided as a breakdown by late payment tranches, expressed as a percentage of the total amount of purchases and of revenues during the financial year. The benchmark terms of payment used to prepare this table are the contractual payment deadlines. It is seen from this table that AFL’s supplier debt is characterised by a payment deadline of less than 30 days.

purchases and of revenues during the financial year. The benchmark terms of payment used to prepare this table are the contractual payment deadlines. It is seen from this table that AFL's supplier debt is characterised by a payment deadline of less than 30 days.

Invoices received and not paid as of December 31, 2025 which term is past due (excluding taxes in euros)						
	Article D.441-6 I, 1° : Invoices received and not paid at the end of the financial year and which term is past due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total invoices (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	43	-	-	-	2	2
Total amount of invoices concerned excl. Tax	244 527,96 €	-	-	-	173,27	173,27
Percentage of the total amount of purchases excl. Tax for the financial year	2,45%	-	-	-	0	0
Percentage of revenue excl. Tax for the financial year	0,83%	-	-	-	0	0
(B) Invoices excluded from (A) relating to disputed or unrecognised debts						
Number of invoices excluded	-	-	-	-	-	-
Amount of invoices excluded	-	-	-	-	-	-
(C) Reference payment period used (contractual or legal period - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual					

The following table shows the number and amounts net of tax of invoices relating to disputed or unrecognised payables and receivables.

Invoices overdue during the financial year						
	Article D.441-6 II : Invoices received having experienced a payment delay during the financial year					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total invoices (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	1 144	41	13	6	6	66
Total amount of invoices concerned excl. tax	9 464 411 €	283 084 €	21 074 €	-1 226 €	217 634 €	520 566 €
Percentage of the total amount of purchases excl. tax for the financial year	94,79%	2,84%	0,21%	-0,01%	2,18%	5,22%
Percentage of revenue excl. Tax for the financial year	32,01%	0,96%	0,07%	0,00%	0,74%	1,77%
(B) Invoices excluded from (A) relating to disputed or unrecognised debts						
Number of invoices excluded						
Amount of invoices excluded						
(C) Reference payment periods used (contractual or legal period - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual					



4. Net income for the financial year ended 31 December 2025

The reporting rules and accounting valuation methods comply with the regulations in effect.

The annual financial statements were prepared in accordance with French GAAP, unchanged from the previous financial year, and in accordance with the provisions of the general accounting plan for credit institutions. The AFL also voluntarily prepares financial statements under IFRS accounting standards, which are consolidated to include AFL and its subsidiary Agence France Locale – Foncière without amendments from the previous financial year and in accordance with the provisions of the general French chart of accounts for loans.

Additional explanations are provided in the notes to the annual financial statements.

4.1. AFL PARENT COMPANY FINANCIAL STATEMENTS UNDER FRENCH GAAP

Key events of the past financial year

- 2025 ushered in further increased earnings for lending activities, aligning with the AFL's growth path, as set in the Group's 2022-2026 strategic plan. Each year, since 2023, targets have been revised upwards. The revenue generation momentum from loan origination since 2015, when AFL began lending, is the result of the regular and continuous increase in the value of loans granted to Member local governments.

Medium- and long-term loan origination conducted by AFL in the 2025 financial year totalled €1.832B vs. €1.964B a year earlier, which is backed by cash loans amounting to €635m in 2025 – comparing against €256m in 2024.

The AFL, while maintaining long-term loan offers, fully assumed its role in diversifying financing by stepping up its involvement in complementary compartments – particularly bridge and cash loans. This approach has provided AFL shareholders with a comprehensive solution, covering all their needs (short to long term), in turn, safeguarding the financial stability of their projects.

- At the end of the 2025 financial year, net banking income totalled €29,566k, vs. €22,488k year prior. The 31% increase in NBI within the French accounting framework is due to the following:
 - The significant increase in the net interest margin from €23,818k at 31 December, 2024, to €25,992k at 31 December, 2025, driven by exponential growth in outstanding loans and now totalling €10B;
 - An increase in net commission income which rose to €325k at 31 December, 2025, vs. €227k a year earlier;
 - Capital gains from the sale of investment securities driven by management of the liquidity reserve, which increased to €519k, vs. €493k a year prior; and
 - A significant writeback in impairment losses on securities amounting to €2,718k at 31 December, 2025, vs. a provision of €2,066k at 31 December, 2024, owing to the sharp decline in unrealised capital losses, following more stable securities margin requirements in the investment portfolio¹¹. This results from lower volatility observed in capital markets for 2025.

The net interest margin of €25,992k comprises the following three items:

- First, income from the loan portfolio totalled €271.9m after booking hedging effects, vs. €322.1m at 31 December 2024. This development is the result of the decrease in the average fixing of the 3-month Euribor (Euro Interbank Offered Rate) rate in 2025

¹¹ In accordance with the precautionary principle directing French accounting standards, impairment losses on investment securities are booked on the basis of unrealised capital losses. At the same time, these provisions cannot be taken as indicators of proven counterparty risk.

vs. 2024, on which the outstanding loan is indexed and while the latter is rising sharply.

- Second, liquidity reserve income, which amounted to €56.4m vs. €98.2m at 31 December 2024. This development is largely due to a fall in the average level of short-term rates in 2025, on which liquidity is indexed to marginally declining outstanding liquidity. However, it should be noted that the cost of carrying liquidity improved from 2024, due to the reduced amount of deposits in favour of short-term debt securities.
- Lastly, for the same reasons, namely the decrease in the average of the 3-month Euribor rate fixings, debt interest considerably decreased to €302.3m at 31 December 2025, vs. €396.3m at 31 December 2024, with it being understood that the interest on the deeply subordinated debt securities, which were incurred at end-2024, in addition to increased outstanding debt.

For the financial year ended 31 December, 2025, general operating expenses totalled €16,343k, vs. €14,745K a year prior. These expenses include staff costs for €7,813k, vs. €7,192k at 31 December, 2024 and administrative expenses totalling €8,530k, vs. €7,553k a year prior, after deducting rebilled expenses between the AFL and the AFL-ST - not forgetting deferred expenses.

The increase in operating expenses may be explained by the following factors:

- External services net of rebillings between AFL and AFL-ST increased to €8,006k at 31 December, 2025, vs. €7,036k for the same period a year earlier. These increases are mainly due to the operating costs of IT systems, much of which is driven by inflation (cost aligned with trends in the Syntec index), and an increase in consulting and service provider fees throughout AFL's various business lines.
- Taxes, duties and compulsory contributions were stable at €524k, vs. €517k for the previous financial year. The main component of this item is the Social Solidarity Contribution of Companies (C3S), totalling €381k, vs. €398k a year prior.

Depreciation and amortisation stood at €1,135k, compared to €1,191k for the same period in 2024. These relate to a policy of regular and ambitious investments within AFL's IT infrastructure, albeit compatible with the size of its team and readily available resources. Investments made in 2025 covered adjustments in the credit chain, the data repository, the third-party database and the establishment of regulatory reporting. In 2025, total investments fell short of what was initially scheduled, triggering zero change in depreciation and amortisation.

At 31 December, 2025, gross operating income after depreciation and amortisation reached €12,088k, vs. €6,552k a year earlier. This increase is reflected in the income tax expense, which will rise from €772k in 2024 to €1,448k in 2025. After factoring in this tax, net profit was €10,640k - up significantly vs. the €5,780k posted in the previous financial year. This performance is mainly attributable to the rise in outstanding loans and the writeback of impairments on securities in the investment portfolio, as outlined above.

In accordance with practices of financial institutions for presenting their results, the following paragraph shows the formation of the profit for the year according to the IFRS benchmark. The difference between the French GAAP and IFRS benchmarks mainly concerns deferred tax assets not recognised under French GAAP, hedge accounting and the restatements relating to IFRS 16 on leases and incorporating AFL's subsidiary Agence France Locale - Foncière into its consolidated accounts.

Reconciliation of French GAAP statements with IFRS

Transition from French GAAP to IFRS (in thousands of euros)	31-déc-25
Net profit under French GAAP	10 586
<i>IFRS restatements</i>	
Cancellation of provisions for unrealized losses on investment securities	-2 718
Cancellation of AT1 interests	3 569
IFRS 9 impairment losses	37
Hedging inefficiencies of financial instruments	353
Deferred tax adjustments	-1 660
Deferred taxes on other temporary differences	607
Other treatments	28
Net profit under IFRS	10 802

4.2. AFL'S CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS STANDARDS

Significant events in the past financial year

- 2025 ushered in further increased earnings for lending activities, aligning with the AFL's growth path, as set in the Group's 2022-2026 strategic plan. Each year, since 2023, targets have been revised upwards. The revenue generation momentum from loan origination since 2015, when AFL began lending, is the result of the regular and continuous increase in the value of loans granted to Member local governments.

Medium- and long-term loan origination conducted by AFL in the 2025 financial year totalled €1.832B vs. €1.964B a year earlier, which is backed by cash loans amounting to €635m in 2025 – comparing against €256m in 2024.

The AFL, while maintaining long-term loan offers, fully assumed its role in diversifying financing by stepping up its involvement in complementary compartments – particularly bridge and cash loans. This approach has provided AFL shareholders with a comprehensive solution, covering all their needs (short to long term), in turn, safeguarding the financial stability of their projects.

- At the end of the 2025 financial year, NBI (net banking income) achieved by activity was €30,718k, vs. €23,886k year-on-year. This 29% increase in NBI under IFRS was attributable to the following factors:
 - The surge in net interest margin, from €23,945k at 31 December, 2024 to €29,508k a year on, propelled by the swift uplift in outstanding loans – now amounting to €10B;
 - An increase in net commission income which rose to €325k at 31 December, 2025, vs. €227k a year earlier;
 - Capital gains from the sale of investment securities driven by management of the liquidity reserve, which increased to €519k, vs. €493k a year prior; and
 - Income related to hedging inefficiencies of €353k, vs. an expense of -€793K a year prior. The amount recorded in the profit and loss statement is mainly due to unrealised value differences between the hedged items and the hedging instruments.
- The net interest margin of €29,508k includes the following three items:
 - First, income from the loan portfolio totalled €271.9m after booking hedging effects, vs. €322.1m at 31 December 2024. This development is the result of the decrease in the average fixing of the 3-month Euribor (Euro Interbank Offered Rate) rate in 2025 vs. 2024, on which the outstanding loan is indexed and while the latter is rising sharply.
 - Second, liquidity reserve income, which amounted to €56.3m vs. €98.2m at 31 December 2024. This development is largely due to a fall in the average level of short-term rates in 2025, on which liquidity is indexed to marginally declining outstanding liquidity. However, it should be noted that the cost of carrying liquidity improved from 2024, due to the reduced amount of deposits in favour of short-term debt securities.
 - Lastly, for the same reasons, namely the decrease in the average of the 3-month Euribor rate fixings, debt interest considerably decreased to €298.7m at 31 December 2025, vs. €396.3m at 31 December 2024, with it being understood that the interest on the deeply subordinated debt (AT1 – Additional Tier 1) securities,

which were incurred at end-2024, was not booked as an interest expense, but rather directly, at the time of payment.

-) The hedge accounting net profit, excluding the gain or loss on the sale of a hedging relationship, which totalled €353k at 31 December 2025, vs. -€793k at 31 December 2024, represents the sum of the fair value differences of the euro-denominated hedged items and their hedges. Of these fair value variances, +€923k relates to micro-hedged assets, +€73k to macro-hedged assets and -€643k to micro-hedged liabilities.

Indeed, unrealised valuation differences persisted between hedged items and hedging instruments, one of the components of which stems from a market practice that recognises a valuation asymmetry between hedging instruments that are collateralised on a daily basis, discounted on a euro short-term rate ("€STR") curve, and hedged items, discounted on a Euribor curve. According to IFRS, this led to the recognition of hedge ineffectiveness, which was recorded in the income statement. It should be noted that this was nevertheless an unrealised income item.

-) For the financial year ended 31 December 2025, general operating expenses totalled €16.852B, vs. €14.816B at 31 December 2024, once restated after applying IFRIC (International Financial Reporting Interpretations Committee) to Software-as-a-Service (SaaS) arrangements. These expenses include staff costs of €7,846k, vs. €7,252k at 31 December, 2024. General operating expenses also included administrative expenses, which amounted to €9.006B vs. €7.564B at 31 December 2024, after deducting rebillings between AFL and AFL-ST.

The increase in operating expenses may be explained by the following factors:

- External services net of rebillings between AFL and AFL-ST increased by €1,435k to €8,482k at 31 December, 2025, vs. €7,047k at 31 December, 2024. These increases are mainly due to the operating costs of IT systems, much of which is driven by inflation (cost aligned with trends in the Syntec index), and an increase in consulting and service provider fees throughout AFL's various business lines.
- Taxes, duties and compulsory contributions were stable at €524k, vs. €517k for the previous financial year. The main component of this item is the Social Solidarity Contribution of Companies (C3S), totalling €381k, vs. €398k a year prior.

At the end of the financial year, depreciation and amortisation stood at €601k at 31 December, 2025, vs. €1,252k at 31 December, 2024, therefore halving. This decrease is mainly due to the restatement of SaaS contract implementation costs in accordance with the IFRIC (International Financial Reporting Interpretations Committee) ruling of March 2021. As such, these restatements led to the cancellation of €652k in depreciation charges, including €357k from accounting adjustments made to the 2022 and 2024 financial years.

Aside from this regulatory impact, the AFL upholds a regular and ambitious investment policy for its entire IT infrastructure, which also caters to the size of its teams as well as available resources. Investments made in 2025 covered adjustments in the credit chain, the data repository, the vendor/customer database and the establishment of regulatory reporting. In 2025, total investments fell short of what was initially scheduled.

After depreciation and amortisation, gross operating income at 31 December 2025 stood at €13,265k, vs. €7,818k the same period a year prior.

At 31 December, 2025, AFL transacted writeback provisions of €37k on ex-ante impairment for expected losses on financial assets under IFRS 9, vs. a provision of €378k for the previous financial year. The result was an overall stock of IFRS 9 provisions of €1,499k at 31 December 2025, vs. €1,536k a year prior, corresponding to 1.26 basis point of outstanding loans, compared with 1.46 basis point at 31 December 2024. This minor alteration is owing to a marginal change in the weighting of macroeconomic scenarios underlying the provisioning calculation model, with it being understood that loans to local governments and the securities held in AFL's portfolio are inherently very low risk.

After allocating the cost of risk resulting from the introduction of IFRS 9, operating income at 31 December, 2025 was €13,303k, vs. €7,440k exactly a year prior.

- › The €2,501k tax expense at 12/31/2025 includes the below three items:
 - Corporate income tax expense of €1,448k;
 - Deferred tax income of +€607k in connection with consolidated restatements, mainly resulting from the cancellation of impairment loss writebacks within IFRS, under portfolio securities calculated on the basis of French accounting standards;
 - A tax expense of €1,660k related to the writeback of deferred tax assets (“IDA”) on tax losses collected by AFL over previous financial years, reducing the volume of IDA to €449k at 31 December, 2025.

- › After tax, AFL ended the 2025 financial year with a net profit of €10,820k, vs. €5,390k at 31 December, 2024, illustrating the sustained performance of the business model and robust growth.

4.3. PROPOSED ALLOCATION OF NET INCOME

We propose to allocate the entire net income for the financial year ended 31 December, 2025 (annual parent company financial statements prepared in accordance with French accounting standards), for a total of €10,640,462.08, as follows:

- › Up to 5% to the legal reserve, i.e., a total of €532,023.10; and
- › The sum of “Retained earnings” i.e., a total of €10,108,438.98.

4.4. DIVIDENDS DISTRIBUTED (ARTICLE 243 BIS OF THE FRENCH GENERAL TAX CODE)

No dividends were paid by in respect of the financial year ending 31 December 2025, while none were paid over the previous three financial years.

4.5. NON-TAX-DEDUCTIBLE EXPENSES (ARTICLES 39-4 AND 39-5 OF THE FRENCH GENERAL TAX CODE)

During the financial year ended 31 December 2025, AFL incurred the following non-deductible expenses, within the meaning of Articles 39-4 and 39-5 of the French General Tax Code:

- › €60,302 for non-deductible rents on passenger vehicles under Article 39-4 of the French Tax Code, i.e. an amount of tax borne due to these expenses and charges of €7,538; and
- › No tax reintegration of overheads corresponding to termination benefit provisions in Retirement, pursuant to Article 39-5 of the French Tax Code.



5. Risk management

5.1. RISK APPETITE

Since its creation, the AFL Group has implemented a comprehensive risk management system, which aims to identify, measure, manage and control the risks of all kinds that affect its activity. This system covers all risks to which the AFL Group is subject.

Risk appetite represents the level of risk that the Group is prepared to take in order to be able to achieve its strategic objectives. The AFL Group's risk appetite is cautious; much like comparable institutions in Northern Europe, AFL conducts its lending activities to French local governments while limiting the overall risks associated with its activity. Reviewed annually, the risk appetite is validated by AFL-ST's Board of Directors and AFL's Supervisory Board.

Risk appetite includes a risk management system based on limits and is translated into financial policies. The internal capital adequacy and liquidity assessment processes make it possible to assess the sensitivity of the AFL Group's risk situation to contingencies.

The AFL Group has a parent company, AFL-ST, which has a limited investment portfolio based on a prudent investment policy and strictly defined limits. Most of the activities and risks are located in AFL itself, which is the lending institution.

The main characteristics of the AFL Group's risk appetite are as follows:

5.1.1. French local government ratings

Each local government that is an AFL Member is rated before any loan is granted. The assessment of a Member's credit quality is based on a quantitative rating – calculated from (i) financial indicators (**financial standards**) and (ii) socio-economic indicators (**socio-economic standards**). This quantitative rating, consisting of two scores, is applied to all credit applications and is used to obtain a system score. In addition, a qualitative analysis may be carried out depending on the risk profile or the amount granted.

AFL takes into account the environmental, social and governance (ESG) factors and risks likely to have an impact on the creditworthiness of borrowers in its lending policy, as follows:

- › AFL takes social risks into account in its policy for granting loans via the rating, the SE impact of the rating of local governments, incorporating social factors, such as the unemployment rate or per capita income;
- › AFL takes governance risks into account in its credit granting policy via the rating. The qualitative approach developed for certain local governments includes aspects of local governance, even though local public management is generally considered to be robust and stable due to a particularly restrictive legal and budgetary framework;
- › To recognise environmental factors in its lending policy, AFL developed a Climate Vulnerability Index. This covers exposure to physical and transition risks and applies to municipalities, groups with their own taxation, as well as French departments and regions.

5.1.2. Credit risk for French local governments

All French local governments - regions, departments, municipalities, their groups and local public bodies regardless of their size - can join Agence France Locale, provided they operate on a firm financial footing. This financial position is assessed on the basis of an AFL internal rating system and, since May 2020, on the basis of two criteria established by decree.¹²

¹² French Decree No. 2020-556 of 11 May, 2020 pursuant to Article L. 1611-3-2 of the French General Code of Local Governments ("code général des collectivités territoriales" - CGCT; see D.1611-41 of the CGCT).

The two criteria established by Decree for a local government to join AFL are as follows:

-) Its debt reduction capacity, calculated over the average of the last three years, must be less than 9 years for regions and single territorial authorities, 10 years for departments and the Metropolis of Lyon, and 12 years for municipalities, the City of Paris and local public groupings and establishments.
-) If the first criterion does not meet the threshold of the French Decree, its current cash flow, also calculated from the average of the last three years, must be less than 100%.

A local government can only join Agence France Locale (“AFL”) and receive loans from the Group if its financial score is between 1 and 5.99 included. The financial score is calculated according to AFL’s own methodology, validated by AFL-ST’s Board of Directors on a scale ranging from 1 (best score) to 7.

5.1.3. The following limits govern the granting of a loan

AFL offers its Members a range of simple loans: medium- and long-term fixed-rate or variable-rate loans over the entire loan term, with or without a use phase, and cash lines. The distribution of any structured product is prohibited.

Shareholder Membership of AFL-ST is a necessary but not a sufficient condition for obtaining a loan from AFL. In particular, Member local governments with a final rating of 6 or more will not receive any loan from AFL.

The outstanding debt granted to a local government by AFL is limited to an amount that may not exceed 80% of the total outstanding debt of the local government (except local governments for which the debt amount is less than €10m) with a decreasing ceiling as a function of the rating.

The average rating weighted by the outstanding amounts of the loan portfolio must be less than 4.5.

The average maturity of the loan portfolio weighted by outstanding loans must be less than 20 years; on an exceptional basis, AFL will grant loans with a maturity of up to 30 years or even 40 years.

Within its risk appetite, AFL is committed to keep the percentage of loans below 10% that are granted to local governments not weighted at 0%.

5.1.4. Credit risks linked to the liquidity reserve

The investment of securities in the liquidity reserve follows strict rules. The management of the liquidity reserve has two objectives:

-) Ensuring AFL’s liquidity under all circumstances, in order to be able to deal with all cash outflows relating to its banking activity, regardless of market conditions;
-) Protecting AFL’s earnings under risk management constraints, by preventing liquidity carrying from being impaired.

To this end, the liquidity reserve is mainly invested in bonds and money market securities issued by sovereigns, supnationals, public agencies and local governments in the European Economic Area (“EEA”) and North America, covered bonds, as well as in bank securities and deposits. Additional sources of diversification are possible to a limited extent:

-) Investment in securities of the same sectors outside the European Economic Area and North America;
-) Investment in the securities of other public sector issuers;

- › Investment in securities of public sector issuers with less liquidity or which are not rated for a limited portion of the liquidity reserve.

Authorised issuers must have a rating of at least A- on the Standard & Poor's ("S&P") scale.

The average life to maturity of the reserve is limited to three and a half years. Depending on their category, rating and geography, the maximum maturity of eligible securities is variable and less than or equal to 10 years; this limit is 15 years for the best-rated securities, whose issuers belong to the sovereign, supranational and public agencies sector.

The main limits to which the management of the reserve is subject are as follows:

- › Exposure to issuers not domiciled in the European Economic Area or North America is limited to 25% of the reserve;
- › Exposures to banks (excluding those guaranteed by sovereigns) are limited to 30% of the liquidity reserve;
- › Investment in covered bonds is limited to 25% of the reserve;
- › Exposure to securities issued by public sector companies and entities is limited to 30% of the reserve;
- › The liquidity reserve comprises a maximum of 25% of securities in foreign currencies;
- › For liquidity purposes, at least 70% of the liquidity reserve is made up of assets of very high credit quality and very high liquidity (known as "HQLA" - "High Quality and Liquidity Assets").

This management, while defensive, cannot exclude the default of a counterparty or an issuer.

The hedging of interest rate risks in place leaves AFL exposed to the spread risk of securities in the reserve, reflecting changes in issuers' credit risk. This risk is likely to weigh on the bank's regulatory prudential capital through the possible existence of unrealised capital losses.

5.1.5. Liquidity risk

As AFL refinancing is totally dependent on the financial markets, AFL has a particularly conservative liquidity policy. AFL's financial strategy in terms of liquidity is based on three areas, the purpose of which is to limit the three components of liquidity risk: illiquidity risk, financing risk and liquidity transformation risk:

- › The establishment of a significant liquidity reserve:
 - AFL has a liquidity reserve at its disposal at all times, the size of which represents one year of activity. The tool used to measure this target is the NCRR (or "Net Cash Requirement Ratio"), which verifies that the reserve of liquid assets is sufficient to meet foreseeable needs over a rolling 12-month period. The AFL is targeting a level of 80% within a 60%-100% band.
 - In order to secure the repayment of future medium- and long-term issues three months in advance, AFL undertakes to hold an amount of cash in its Banque de France account, corresponding to the debt repayments for the period net of certain cash inflows.
 - Parallel to this, the regulatory LCR ratio must be adhered to ("Liquidity Coverage Ratio"). It is then possible to verify that AFL's reserve will serve to meet its 30-day liquidity requirements under stress assumptions. The regulatory requirement is 100%.

- › A diversified financing strategy:
 - Agence France Locale (AFL) rolls out an issuance strategy striving to diversify its sources of financing by type of investor, maturity, geography and currency so as to avoid any excessive concentration of declines in refinancing and to minimise its financing risk. These issues mainly comprise bonds traded on a regulated market, in the form of Benchmark or private placements, under a debt issuance programme (Euro Medium Term Note - “EMTN”) but also, and to a lesser extent, debt securities marketable on the money market, as part of a programme known as the Euro-Commercial Paper (“ECP”). The AFL may also issue bonds redeemable before maturity, worth a maximum 10% of its liabilities.

- › Limiting transformation risk in the statement of financial position:
 - The statement of financial position includes amortisable loans on its assets side and debts on its liabilities side, in both cases hedged against interest and exchange rates. Unlike loans for assets, debts for liabilities are not amortisable. This means AFL is subject to a transformation or price risk in liquidity. AFL severely limits its transformation risk, measured by two ratios:
 - The average lifetime (“AL”) or “average duration gap” corresponds to the average maturity gap between assets and liabilities, taking stock of the transformation implemented by AFL. Activity is managed to restrict this gap to 18 months. That being said, the 18-month limit may be exceeded, as during peaks of loan origination. These overshoots must be temporary and limited to a period of no more than 6 months from the date on which the overshoot is recorded. In such cases, the average duration gap must never exceed 24 months.
 - The “Net Stable Funding Ratio” or “NSFR” compares AFL’s stable funding (12-plus months) with long-term funding requirements. The regulatory requirement is 100%.
 - Additionally, within 20 years, the nominal amount of loans granted by the AFL after repayment must not exceed a limit corresponding to the maximum amount between the initial capital contribution (“ICC”) pledged and the prudential capital.

This policy, while conservative, cannot fully protect AFL against liquidity risks. By way of example, it remains sensitive to refinancing risk - i.e., the risk of not being able to leverage resources at competitive levels for long maturities - and the liquidity risk related to margin calls inherent to the hedging derivatives required for its hedging policy.

5.1.6. Interest rate and foreign exchange risks

AFL seeks to ensure that the income generated by its activity or its equity capital is not sensitive to interest rates or exchange rates. To this end, AFL has implemented a quasi-systematic policy of hedging its statement of financial position instruments via derivatives.

The systematic subscription, at the time of issues or investments in currencies, of currency swaps (mirror contracts) reduces the entire AFL statement of financial position to a single exposure to the euro.

The AFL varies almost all of the fixed-rate items on its balance sheet on a 3-month Euribor (Euro Interbank Offered Rate) reference as well as to a limited extent on a €ster basis through the

implementation of interest rate swaps. Nonetheless, a fixed-rate exposure facility remains – corresponding to the replacement of own funds and consisting of fixed-rate loans, bridge loans and reserve securities, in addition to a limited liability exposure facility, which includes debts issued by the AFL that are not hedged.

These policies enable AFL to limit the sensitivity of its income and equity capital to changes in interest rates or exchange rates to a large extent, albeit without completely eliminating its sensitivity. In particular, the balance sheet remains sensitive to changes in interest rates when these are in negative territory, to the accounting ineffectiveness of the hedges implemented, to the basis risks between the different rates to which the balance sheet items remain exposed, and to a fixing risk linked to the different fixing dates of the variable rates on its balance sheet. They also have the effect of transforming the foreign exchange or interest rate risks to which AFL is initially exposed into a counterparty risk, due to the resulting exposures on the counterparties of the swap contracts and a liquidity risk linked to margin calls. The counterparty risk associated with hedging transactions is mainly limited by the fact that exposures related to these hedging transactions are collateralised to the first euro and by the fact that a large proportion of these transactions are processed through a clearing house.

Sensitivity to interest rate risk is controlled by the regulatory indicator of the sensitivity of the net present value of AFL's economic value to a change in interest rates and by the indicator of the sensitivity of the Group's net interest margin to a change in interest rates.

In the event of a rise or fall of 2% in interest rates, the change in the AFL Group's net present value must not exceed 15% of prudential capital.

In the event of a rise or fall of 2% in interest rates, the change in the AFL Group's net interest margin must not exceed 5% of prudential capital.

5.1.7. Non-financial risks

The non-financial risks to which AFL is exposed consist of operational risks (loss related to a defect in processes, people, systems or external events), non-compliance risk, legal risk and reputational risk.

Due to its public banking model, AFL has a very low appetite for all of these non-financial risks. This very low appetite does not prevent the possible materialisation of non-financial risks, which are inseparable from the completion of AFL transactions, particularly in the context of a sharp increase in volumes traded.

In order to illustrate this appetite for non-financial risks of AFL, the following points shall be highlighted:

AFL has set itself the objective of setting the deductible of its main insurance policies as a percentage of its net banking income, while ensuring coverage of a majority of the types of feared events that could lead to extreme losses, within the limit of a ceiling.

In accordance with regulations, AFL has set up a system for the systematic analysis of operational incidents, which provides for the reporting of significant incidents to the supervisory bodies according to criteria set by them and reviewed every year. The threshold for reporting significant incidents is set at €1m, in line with the minimum level required by regulations.

Calculated according to the standard regulatory approach, the equity capital requirement for operational risk represents 15% of the average net banking income ("NBI") over the last three years – totalling €3.7m at 31 December 2025.

5.1.8. Minimum capital ratio requirements

In order to provide sufficient capital, the AFL Group commits to adhere to a minimum level of equity. In particular, the AFL Group is committed to maintaining a leverage ratio above 2.25%.

5.2. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FACED BY AFL

This section describes the main risk factors that could, in AFL's estimation at the date of this report, affect AFL's activity, financial position, reputation, results or prospects, as identified in particular in connection with risk mapping preparation by the AFL Group. Updated in 2025, this mapping assesses the critical nature of risks, i.e., their severity in terms of how they impact operations, finance, legal/regulatory affairs and potential reputational damage, as well as the likelihood of their occurrence, after factoring in the implemented action plans.

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

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

5.2.1. Strategic risks

The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL's financial position and earnings.

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

At end-2025, many geopolitical pressures remained, with confined conflicts. 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 seeks funding, or invests its cash.

In France, government instability and uncertain prospects for structural fiscal reform pushed up the risk premium for French government debt since 2024, with public sector debt and the AFL in its wake. The risk premium differential with safer German bonds has widened. In September and October 2025, France's sovereign ratings were downgraded to A+ by Fitch and S&P, automatically triggering an A+ downgrade in AFL's ratings by the very same agencies. In this context, and in the absence of a credible outlook for adopting structural fiscal reform, the risk premiums on the debts of the French State, the public sector and the AFL could continue to rise or remain high, weighing on AFL's profitability if it were not able to pass it on to its borrowers or if it could only be passed on with a delay.

Given growth of +0.9% in France for 2025 according to Eurostat and +1.5% for the Eurozone, the market shows signs of relative resilience, with inflation seemingly under control. Against this backdrop and in spite of the latest signs of potential monetary easing delivered to date by the ECB (2% deposit rate at the date of issuing this Report), coupled with France's low fiscal credibility which is pushing up risk premiums, growth in France and the eurozone could further decline due to factors such as an acceleration in trade wars. With this in mind, we cannot overlook a fall in the

yield curve – both for short-term and long-term rates. This rate decline could weigh on AFL’s capital ratios and net interest margin, although the latter is largely insensitive to interest rates.

In 2025, the financial position of local governments – the only borrowers of the AFL – seemed to improve overall in 2025. The first trends point to replenishment in their savings capacity, driven by restraint in operating expenditure, particularly owing to lower inflation, as well as more favourable traction gained in tax revenues, notably tax receipts from transfer taxes (*droits de mutation à titre onéreux* – “DMTO”) a vital resource for French departments. However, the situation remains mixed depending on local government type. From a budgetary standpoint, the grouping of municipalities seems robust overall, particularly due to local taxation, while French departments and regions continue to face persistent financial pressures, as evidenced by the decline in their investments in 2025.

Against a backdrop of depleting national public finances, local governments are called upon to contribute to the budgetary recovery drive in 2026, with the exception of French departments. However, the lack of a clearly defined multi-year budget path reduces financial visibility for local governments – even though terms for municipal and intermunicipal executives will be renewed in the spring of 2026 – which could weaken some local governments. While this potentially worse position remains structurally governed by the “golden rule”, requiring local governments to finance debt repayments with their savings, it could nevertheless trigger an increase in impairments for AFL – or even, under extreme circumstances – a Member defaulting on its commitments to the AFL or under the Member Guarantee (see risk factor “*The AFL is exposed to the credit risk of its borrowers and counterparties*”).

More broadly, AFL’s exposure to the French local public sector exposes the Group to risks related to the national economic and social context, which is likely to affect local budgets, as well as the risk of public policy changes on the financing of local governments. These developments could restrict the debt capacity of Member local governments, thereby lowering their budget margins, with a potentially significant impact on AFL’s loan origination and its earnings.

The competitive environment could hinder AFL’s activities and it may not stimulate the expected interest among local governments. AFL conducts its activities exclusively for the benefit of its Member local governments. As such, it does not have an outlook 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 and the Crédit Agricole group, could lead: (i) to significant reductions in AFL’s profit margins; and (ii) to very limited new lending by AFL, with a negative impact on AFL’s net banking income.

Although AFL was created by law and addresses the strong and consistent demand in recent years from a large number of local governments, the development of AFL’s activities depends on the added-value of the model implemented for local governments. Development could be hindered by the reluctance of local to become Members of the Agence France Locale Group, which requires them to become shareholders of AFL-ST, make initial capital contributions (“ICC”) and act as guarantors under the Member Guarantee, or by the restrictions they may be subject to on the use of debt.

A lack of interest from local governments could delay AFL’s acquisition of the equity capital necessary for developing its business activities and, in the absence of sufficient initial capital contribution (“ICC”) payments, slow down the growth of loan origination or even compromise its long-term future, it being specified that in December 2024, AFL issued subordinated debt securities with an indefinite maturity and a nominal value of €50m, to be recognised as additional tier 1 capital for AFL and the AFL Group, effective 31 December, 2025.

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

the number of local government Members of the Agence France Locale (“AFL”) Group has grown consistently, if the market for funding local governments loses its appeal, AFL may not be able to develop an alternative activity, which could call into question its continuity.

AFL is supervised by the Autorité de contrôle prudentiel et de résolution (ACPR – France’s financial supervisory authority) and subject to ever-evolving regulations which could adversely affect its financial position.

AFL has been authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR – France’s financial supervision authority) since 12 January 2015 as a specialist 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 “RRD”), and Regulation No. 806/2014 of 15 July 2014, as amended by Regulation (EU) 2019/877 of 20 May 2019 on the single resolution mechanism (the “SRM”), establish a framework for the recovery and resolution of lending institutions and investment firms that aims to enable a wide range of actions which may be taken by the competent regulatory authorities in connection with lending institutions and investment firms that are considered to be at risk of default. The objective of the RRD is to provide the resolution authorities, including the ACPR in France, with common and effective tools and powers for tackling banking crises in advance, preserving financial stability and minimising the exposure of taxpayers to losses.

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

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

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

The Resolution Council determines minimum capital and eligible liabilities requirements for each credit institution on the basis of the following criteria:

-) 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's Supervisory Council reviewed the prudential requirements of AFL-ST. Following this annual review, the ACPR Council decided not to renew the capital requirement and recommendation which applied until that specific point, effective 1 January 2025 and 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 Agence France Locale (AFL) Group is essentially required to hold Common Equity Tier One (CET1) capital to guarantee compliance with 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%.

Notably owing to its risk profile and activity, the liquidation strategy was selected as a solution for the Agence France Locale (AFL) Group, with the MREL (Minimum Requirement for own funds and Eligible Liabilities) set at the loss-absorbing amount, calculated as the sum of the capital requirements. At 31 December 2025, prudential capital amounted to €310.8m. Factoring in the credit quality of the assets held by Agence France Locale (AFL) Group, on 31 December 2025, the solvency ratio (CET1 - Common Equity Tier One) reached 59,5% on a consolidated basis at the Group level.

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.

5.2.2. Financial risks

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. When applied to a fixed-rate balance sheet, transformation risk, which is manifested 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 (with interest rate risk almost entirely hedged), transformation risk almost entirely represents a spread 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 (Euro Interbank Offered Rate) reference rate makes it possible to neutralise almost the entire interest rate component of the replacement and refinancing risks exposing AFL, this strategy does not neutralise the spread component affecting the Group.

A more depressed macroeconomic environment (see risk factor *"The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL's financial position and earnings"*) or a lack of interest expressed in AFL's by local governments (see

risk factor “*The competitive environment could hinder AFL’s activities. It may not stimulate the level of interest expected from Local Governments. AFL carries out its activities exclusively for the benefit of its Member local governments, subsequently with zero outlook for diversification*”), or an operating loss could also downgrade AFL’s rating or increase its refinancing costs, which would have affect its financial position, which would be weakened depending on its ability to pass this on to its borrowers.

As of 31 December, 2025, the average life gap between AFL assets and liabilities (ALG) was 1.36 years, while the AFL Net Stable Funding Ratio (NSFR) was 157%.

) 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. As the AFL’s liabilities do not consist of sight deposits but rather market resources, AFL’s refinancing depends on investors’ appetite for its debt. Against the background of a downgrade in the French government’s debt rating – and subsequently, that of the AFL – to A+, due to investment rules restricting them to AAA or AA rating issuers, some investors may no longer be interested in acquiring debt issued by the French public sector (including AFL). This increased risk, in a market environment where French public sector financing needs are on the rise, could serve to raise the cost of debt issued by the AFL – weighing on its refinancing cost and therefore earnings, and even restricting its refinancing capabilities.

As a result of the near total coverage of AFL’s balance sheet with interest rate risk and currency hedges on assets and liabilities denominated in foreign currencies, substantial margin calls on the balance sheet require the use of a significant notional of swap contracts, which could weigh on the AFL’s liquidity needs.

At 31 December, 2025, AFL had a liquidity reserve of €2.2B – corresponding to a Net Cash Requirement Ratio (“NCRR”) level of 101% – which represents AFL’s ability to conduct its activities without raising funds on the markets for a 12-month period. AFL’s 30-Day Regulatory Liquidity Ratio was 485% at 31 December, 2025.

AFL has access to TRICP (*TRaitement Informatique des Créances Privées* – [IT processing of private receivables]), which was replaced by a European refinancing mechanism with the European Central Bank (“ECB”), known as the ECMS (“European Collateral Management System”), taking effect on 16 June, 2025. Through this mechanism, the AFL has access to a central bank credit line, accessible at any time by using 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.

At 31 December 2025, for the portfolio of financial assets at fair value through equity alone, the net balance sheet value which totalled €721m, the impact of gains and losses booked directly as equity amounted to -€2.6m, net of deferred tax.

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 in place protects the AFL against a uniform rise in the yield curve and the basis risk related to the indexation of its balance sheet components against €STR; It generates liquidity risk - depending on interest rate changes - as a result of margin calls as well as a credit risk on the banks countering the swaps or the clearing houses LCH S.A. and Eurex Clearing. It does not hedge the risk of adverse movements in credit spreads arising from the fact that the credit spread of AFL's asset exposures does not move in line with the AFL spread (see risk factor "*The AFL is exposed to three types (and components) of liquidity risk*").

At 31 December, 2025, the interest rate hedging strategy resulted in outstanding notional swaps of €19.6B. Margin calls received net of margin calls paid by way of interest rate derivatives amounted to €214.5m.

On 31 June 2025, the decline in the net present value (NPV) of AFL's equity stood at -5.5%, assuming an upward shift of more than 200 basis points in the yield curve, considerably below the regulatory limit of 15%.

Interest rate scenario	31/12/2025	31/12/2024	Limit
Parallel shock up + 100 bps	-5,5%	-7,0%	15,00%
Parallel shock up + 200 bps	-2,9%	-3,6%	15,00%
Parallel shock down -100 bps	3,2%	3,9%	15,00%
Parallel shock down -100 bps with floor	3,2%	3,9%	15,00%
Parallel shock down -200 bps	6,7%	9,3%	15,00%
Parallel shock down -200 bps with floor	6,7%	9,3%	15,00%

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 table below shows NPV sensitivity to the various scenarios as at 31 December, 2025.

NPV sensitivity - 6 BCBS shocks from IRRBB (% own funds)			
Interest rate scenario	31/12/2025	31/12/2024	Limit
Parallel shock up + 200 bps	-5,5%	-7,0%	15,00%
Parallel shock down - 200 bps	6,7%	9,3%	15,00%
Short rates shock up	-0,4%	-1,1%	15,00%
Short rates shock down	1,2%	1,6%	15,00%
Steeper shock	-2,2%	-2,2%	15,00%
Flattener shock	1,4%	1,1%	15,00%

As stated in the table below, as at 31 December 2025, for parallel shocks of between -200 bps and +200 bps, the sensitivity of AFL's net interest margin was below the 5% equity limit:

MNI sensitivity (% of own funds)	31/12/2025	31/12/2024
Parallel shock up + 100 bps	0,46%	-0,08%
Parallel shock down - 100 bps	-0,47%	0,08%
Parallel shock up + 200 bps	0,93%	-0,17%
Parallel shock up -200 bps	-0,94%	0,29%

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

At 31 December 2025, the outstanding notional amount on currency swaps was €1.48B. The hedges implemented generate a liquidity risk, as margin calls are sensitive to the forex market, as well as a credit risk on the swap counterparty banks. Margin calls paid, net of margin calls received, by way of these hedging instruments amounted to €24.4m at 31 December, 2025.

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

) Borrowers' credit risk

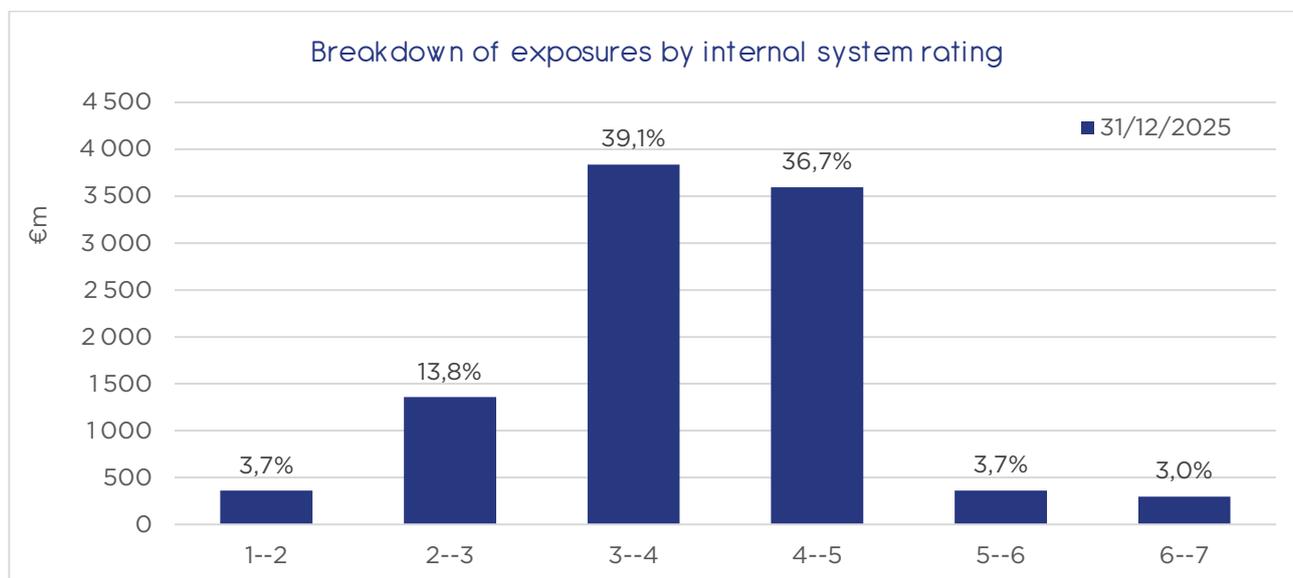
Pursuant to Article L. 1611-3-2 of the French General Code of Local Governments ("CGCT", the AFL carries out its activities for the exclusive benefit of Member local governments, shareholders of AFL-ST, the AFL's parent company, and guarantors of financial securities, including the debt securities issued by the AFL up to the amount of their respective medium- to long-term loans. At 31 December, 2025, the AFL's total medium-long-term credit commitments to local governments totalled €9.485B within the IFRS framework.

The Member local governments, groups of such governments and other French local public institutions.

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

At 31 December 2025, 17% of this portfolio was exposed to Member local governments with ratings between 1 and 2.99. The five largest exposures account for 12.5% of the portfolio. The largest exposure represented 3.1% of the portfolio, while the fifth largest was 2.3%. At 31 December 2025, the average rating of loans made by AFL to its Members, weighted by outstanding loans, was 3.75 on a scale of 1 to 7 (1 is the best rating and 7 the worst).

The following graph shows the breakdown by rating of AFL's portfolio of loans to Member local governments at 31 December 2025:



Current and future Member local governments have a very limited risk profile due to the institutional rules governing their operations, which are similar between different categories. As a result, the loans granted by AFL benefit from this same profile. 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 higher in a context where the local governments would be asked to restore public financial statements, which could occur due to a reduction in the resources loaned to them by the French government (see also the risk factor “The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL’s financial position and earnings”).

At 31 December, 2025, AFL had four bad debts for a total outstanding amount of €191,257.

Breakdown according to IFRS 9 Stages	31/12/2025				31/12/2024			
	Agence France Locale - SO Consolidated - IFRS				Agence France Locale - SO Consolidated - IFRS			
	Gross exposures (€)		Provisions (€)		Gross exposures (€)		Provisions (€)	
Stage 1	11 836 964 497	98,84%	1 371 742	91,51%	10 431 421 676	99,0%	1 437 061	93,6%
Stage 2	138 737 681	1,16%	127 219	8,49%	100 691 324	1,0%	99 048	6,4%
Stage 3	191 257	0,00%	2	0,00%	-	0,0%	-	0,0%
Total	11 975 893 436	100%	1 498 964	100%	10 532 113 000	100%	1 536 109	100%

As AFL grants loans to Member local governments only, the entity naturally shows a high concentration of its credit risk on a unique type of market participant. With all this in mind, AFL is exposed to a potential worsening of the situation in this sector (also, see the risk factor “The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL’s financial position and earnings”).

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

▸ The credit risk of its counterparties

Due to its cash investments, AFL is exposed to the credit risk associated with the issuers of securities held in its cash portfolio. Despite AFL’s cautious investment policy, the Group remains exposed to the risk of securities issuers it has invested in being unable to honour their financial commitments and the resulting increase in spreads – a risk that is heightened against the background of deteriorating economic and financial conditions. The occurrence of such events may result in a decrease or loss in earnings and/or a negative impact on AFL’s equity capital and capital ratios.

AFL's exposure ratings are of very high quality, with 40% of exposures from securities in the liquidity reserve having ratings of AA- or higher on the scale of S&P Global Ratings Europe Limited (S&P), as of 31 December, 2025. The average risk weighting in this portfolio was 6.5%.

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.

Financial risk due to climate change

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

In this context and given the increasing vulnerability of certain territories and the public and private infrastructures they host, the materialisation of such risks could result in a loss of value for the AFL, which is exposed to credit risk through local governments (see risk factor "*The AFL is exposed to the credit risk of its borrowers and counterparties*"). Leveraging public data from the French Ministry of Ecological Transition, INSEE (French National Institute of Statistics and Economic Studies) and the Météo France government agency, AFL also developed a Climate Vulnerability Index. This metric is designed to assess the vulnerability of French local governments to climate events and to integrate climate risks into its credit risk analysis. As of this report's issue date, the Climate Vulnerability Indicator has highlighted the fact that most French local governments are either not - or hardly - 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. To bolster these developments, the AFL has a financing policy that includes the issuance of sustainable bonds in ICMA (International Capital Market Association) format - €550m mainly as securities in 2025 - for a total outstanding amount of €2.15B at 31 December, 2025.

5.2.3. Non-financial risks

AFL is exposed to human capital risks

Because of its operating model, the AFL was supported by a restricted headcount (42.32 full-time employees (FTEs)) at 31 December, 2025), so as to oversee its activities. 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. AFL's increasing staffing needs are to be put into perspective against the backdrop of rising volumes in the Group's activities. A miscalculation of new hires or difficulties experienced in the hiring process could adversely affect AFL's activity and future earnings.

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

The AFL Group's capital requirements for operational risks amounted to €3.7m at 31 December, 2025.

Communication and information systems play a pivotal role in AFL's activities and operations, owing to its technical expertise 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 higher in the context of an upsurge in cyberattacks observed across the board by banking institutions.

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.

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

During the financial year ended 31 December, 2025, AFL was not subject to any litigation with one of its counterparties. Nevertheless, litigation that may arise over the course of its activities cannot be ruled out, particularly with a local government Member, which would tarnish AFL's reputation and cause an impairment loss for the Group.

5.3. PRUDENTIAL RATIOS AND EQUITY

5.3.1. Changes in capital

From 31 March 2018 to 30 September 2025, the AFL's prudential requirements were followed at the consolidated AFL Group level with respect to capital requirements, with the Group having been granted a derogation from Article 7 of Regulation (EU) No. 575/2013 as amended (the "**CRR**").

At 31 December 2025, the AFL Group revoked the Article 7 derogation, with prudential requirements now followed both at the AFL and AFL Group levels.

At 31 December, 2025, AFL's prudential capital totalled €310.8m. This amount comprises €261.3m of Common Equity Tier One ("CET1") and €49.4m of Additional Tier 1 ("AT1"), as subscribed by the AFL in December 2024.

In 2025, by comparison with the prudential capital estimated at 31 December 2024 excluding Additional Tier 1 ("AT1"), AFL's prudential capital increased by 10.2%.

This increase is related to the following items:

- › The release of new capital contributions by local governments for €21.4m;
- › Incorporation of 2024 financial year profit, as capitalised in March 2025 for €5.4m;
- › A €3.6m decrease in unrealised losses on securities at fair value through equity;
- › Interest payments on the AT1 debt reduced shareholders' equity by €3.5m; and
- › A downgrade in cash-flow hedge reserves narrowed equity to €3.1m.

5.3.2. Capital requirement expressed as leverage ratio

At 31 December, 2025, the Leverage Ratio for Banks was 2.59%, above the AFL's 2.25% risk appetite threshold.

The amended CRR provides a separate definition of the leverage ratio for public development credit 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 development credit institution. The Leverage Ratio for Agence France Locale's "Public Credit and Development Institutions" came out to 12.58% at 31 December, 2025, significantly above the requirement of 3%.

5.3.3. Capital requirement expressed as a solvency ratio

The Supervisory Council of the ACPR adopted a resolution on 21 June 2024 allowing the municipalities, departments, regions and inter-municipal cooperation structures ("EPCI") to be incorporated into the French central government, with a separate tax status. As a result, AFL's exposures to these local governments may be subject to a risk weighting of 0%.

In 2025, the Autorité de contrôle prudentiel et de résolution (ACPR – France's financial supervisory authority) notified the AFL that its additional capital requirement, known as Pillar 2, was set at 0% due to its more stringent capital requirements.

At 31 December 2025, AFL's total prudential capital requirement was 11.45%:

- › the minimum requirement was 8%.
- › An additional equity capital requirement, known as Pillar 2, was 0%.
- › A capital conservation buffer ("CCoB") requirement was set at 2.5%; and
- › A countercyclical capital buffer ("CCyB") requirement for French exposures was 0.95%.

Since 2 January, 2024, the French High Council for Financial Stability ("HCSF") set the countercyclical capital buffer level for French exposures at 1%. Once applied to the AFL's exposures, this buffer generates an additional capital requirement of 0.95% as at 31 December, 2025.

With a "Tier 1" solvency ratio of 68.71% and a "CET1" solvency ratio of 57.78% at 31 December, 2025, Agence France Locale ("AFL") exceeded the applicable prudential requirements.

5.3.4. MREL (Minimum Requirement for own funds and Eligible Liabilities):

On 26 February 2024, the ACPR's Resolution Council confirmed the AFL Group's Minimum Requirement for own funds and Eligible Liabilities (MREL). Due in particular to its risk profile and its activity, the liquidation strategy was chosen as the resolution strategy for the Group, with the MREL requirement thus limited to the amount of loss absorption, calculated as the sum of capital requirements seen in the previous paragraph.

5.4. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

5.4.1. General principles

Definition and objectives

The internal control system is a framework deployed by AFL-ST's Board of Directors, AFL's Supervisory Board, AFL's Executive Board and the AFL Group staff designed to enable AFL to control the various risks to which it is exposed through its activities and to verify the compliance of these with the regulations governing them.

With resources adapted to the size and nature of its activities, it is organised in accordance with legal and regulatory requirements and in such a way as to be adapted to AFL's business model.

Since its objective is to prevent and control the risk of not meeting the objectives set by AFL in terms of development, profitability and risk management, the internal control and risk management systems play a key role in the management and steering of its various activities.

Applicable legal and regulatory context

AFL's internal control system draws on the legal and regulatory texts applicable to lending institutions. Number one: France's Monetary and Financial Code ("Code monétaire et financier"), the French Order of 3 November 2014 on company internal controls in the banking, payment and investment services sector under the direction of France's financial supervisory authority (Autorité de contrôle prudentiel et de résolution – ACPR) amended in particular by the Order of 25 February 2021, and effective from 28 June 2021 ("**Order of 3 November 2014, as amended**") (28 June 2021), and the directly applicable European provisions, the European Banking Authority (EBA) guidelines on internal governance (EBA GL/2017/11), French Order of 6 January 2021 on the system and internal controls governing Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") as well as to freeze assets and prohibit the provision or use of funds and economic resources.

AFL Group organisation and responsibilities

In accordance with the French Order of 3 November 2014, as amended, AFL-ST, a financial company directly owned by French local government shareholders - who own more than 99.999% of AFL - a specialised lending institution, must ensure that:

-) it implements the necessary means to ensure that AFL complies with the applicable regulatory provisions;
-) it guarantees that the systems implemented within the AFL Group enable the risks incurred by the AFL Group to be measured, monitored and controlled;
-) it verifies the implementation of an organisation and control system, as well as the adoption, within AFL, of adequate procedures for the production of information and intelligence useful for the purposes of monitoring the AFL Group.

The structure of the Agence France Locale Group means that the vast majority of processes are housed at AFL and the vast majority of risks are borne by AFL. As a result, risks are monitored on a consolidated basis.

In June 2015, an agreement was signed between AFL-ST and the lending institution, AFL, delegating to this latter party the internal control tasks falling within the scope of the AFL Group. This agreement was supplemented by a supplementary agreement of 1 December 2021 to include all internal control obligations in the delegated tasks, including compliance (with this including data protection), permanent control, consolidated risk management, internal audit, credit analysis

and regulatory reporting. By virtue of this agreement, these tasks are carried out by AFL's Commitments, Risks, Climate and Sustainable Finance Department on behalf of the Group.

The AFL-ST Board of Directors is the supervisory body of AFL-ST; its work is supported by an Audit and Risk Committee and an Appointments, Compensation and Corporate Governance Committee under its responsibility.

Governance

AFL's Executive and Supervisory Boards are responsible for establishing and monitoring the adequacy and effectiveness of the internal control framework, procedures and mechanisms, as well as overseeing all business lines and activities, including internal control functions (e.g., risk management, compliance and internal audit).

The Supervisory Board

The AFL Supervisory Board notably:

- › oversees and monitors the decision-making and actions of the Executive Board and ensures its effective oversight;
- › guarantees and periodically assesses the effectiveness of AFL's internal governance framework and takes appropriate measures to address any identified weaknesses;
- › oversees and monitors the consistent implementation of AFL's strategic targets, organisational structure and risk strategy, including its risk appetite, risk management framework and other policies, as well as the disclosure framework;
- › verifies that AFL's risk culture is implemented in a consistent manner;
- › oversees the implementation and maintenance of a code of conduct or similar effective policies to identify, manage and mitigate actual and potential conflicts of interest;
- › oversees the integrity of financial information and reporting and the internal control framework, including a solid and effective risk management framework;
- › ensures that those responsible for internal control are able to act autonomously, can voice concerns independently of any accountability to other internal bodies, business lines or units, and, if appropriate, inform the Supervisory Board directly when risks of adverse events affect or are likely to affect AFL;
- › monitors implementation of the internal audit plan, after review by the Audit & Risk Committee.

In accordance with the regulation governing Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT"), the AFL Supervisory Board regularly reviews the AML/CFT policy, governance, and the systems and procedures in place to comply with regulatory requirements, in addition to corrective measures seeking to address material incidents or deficiencies.

The Supervisory Board is supported in its work by four specialised committees: an Audit Committee, a Risk Committee, an Appointments, Compensation and Corporate Governance Committee and a Strategy and Responsible Commitments Committee that report to it.

Executive Board

The AFL Executive Board is responsible for the consistency and effectiveness of the overall internal control system.

It ensures there are sufficient resources for the function to carry out and fulfil its role; it ensures that the Commitments and Risks Department's budget for internal control assignments provides it with sufficient resources to carry out its assignments, taking into account proportionality criteria.

It ensures that the Commitments and Risks Department has a sufficient number of qualified staff, who benefit from available regular training. It ensures that the internal control functions have access to IT and support systems.

In particular, the Executive Board ensures that sufficient resources are allocated to the Internal Audit function to conduct a complete cycle of investigations of all activities for the number of financial years planned.

It is the responsibility of the Executive Board to ensure the dissemination and promotion of a risk culture within AFL, which includes:

- › defining and communicating to employees AFL's main values and expectations in this area, which must be reflected in everyone's behaviour;
- › a positive attitude towards risk control, compliance verification and internal audit within AFL;
- › an environment of open communication and effective questioning, in which decision-making processes encourage a broad exchange of opinions, test current practices, stimulate a constructive and critical attitude among staff and promote a climate of open and constructive participation throughout the organisation.

The Executive Board attaches particular importance to disseminating and promoting this culture among all employees.

The Commitments and Risks Department

Responsibility for the risks management function, the compliance verification function, and the second-level permanent control is carried by the Commitments, Risks, Climate and Sustainable Finance Department, as represented on the Executive Board and the AFL's headcount.

Operationally, the internal control system is placed under her responsibility. Responsibility for Internal Audit is borne by the Chairperson of the Executive Board.

The Commitments, Risks, Climate and Sustainable Finance Department has been represented on the Executive Board since AFL was founded, with this decision stemming from an initial ambition to place risk management at the heart of the bank's strategy. Given this positioning, the Commitments, Risks, Climate and Sustainable Finance Department has the authority, significant status and sufficient independence to challenge decisions affecting AFL's exposure to risk.

The Director of Commitments, Risks, Climate and Sustainable Finance participates in the various supervisory bodies of AFL and AFL-ST: AFL's Audit and Risk Committee, AFL-ST's Audit and Risk Committees, AFL's Supervisory Board, AFL-ST's Board of Directors, AFL's Appointments, Compensation and Corporate Governance Committee and AFL-ST's Appointments, Compensation and Corporate Governance Committee, as well as AFL's Strategy Committee.

Pursuant to the Order of 3 November 2014, as amended:

- › The person or persons in charge of the Commitments, Risks, Climate and Sustainable Finance Department do not carry out commercial, financial or accounting activities.
- › Spearheading the Risk Management function, in the event of changes in risks, the Commitments, Risks, Climate and Sustainable Finance Department may report directly to the Supervisory Board and the Board of Directors without referring to the Executive Board.
- › Heading up the Compliance Verification function, the Commitments, Risks, Climate and Sustainable Finance Department also reports directly to the Supervisory Board and the Board of Directors.
- › As Head of the Internal Audit function, the Chairperson of the Executive Board reports the findings of their assignments to the Executive Board, the Supervisory Board and the AFL-ST Board of Directors. What's more, at their own initiative, they may notify the Supervisory Board

and the Board of Directors of any failure to implement the corrective measures taken following recommendations issued during a periodic audit.

In accordance with regulations, the organisational structure implemented guarantees that the operational support functions are distinct from the control functions.

Internal Committees

Led by the Chairperson of the Executive Board, two committees were established to direct the internal control and risk monitoring system:

- › The Global Risk Committee, which meets quarterly, is responsible for monitoring the exposure of AFL to risks of all kinds. On an annual basis, it validates risk appetite, risk policies, measurement indicators and the management of these risks. It also oversees the risk management system and decides on the associated action plans.
- › The Internal Control Committee, which meets half-yearly, is responsible for overseeing the control system across all its functions and for assessing its effectiveness.

Several operational committees are involved in the overall internal control system. Their main mission is mentioned below:

- › The Credit Committee meets every week without exception in order to decide on granting loans or initiating limits on a shareholder local government or a market counterparty.
- › the Provisions Committee and Provisions Expert Committee meet on a quarterly basis. The Provisions Committee validates the amount to be provisioned and its appropriateness to AFL's risk profile. The Provisions Expert Committee defines the weighting of the change scenarios on the reporting date and the parameters included in the calculation of provisions.
- › The ALM Committee (ALCo) meets at least monthly and is responsible for managing AFL's treasury activities, capital-raising and asset-liability management, as well as monitoring ALM risks.
- › The New Products - Significant Changes Committee meets as often as is necessary. Its purpose: deciding on the launch of any new product or significant changes to the AFL Group.
- › The Organisation and Procedures Committee meets as often as is necessary, with the objective of approving the processes and procedures that describe the activities of AFL.
- › The Information System Security Committee meets at least half-yearly and is responsible for overseeing the risk management and internal control systems relating to risks linked to the integrity, consistency and confidentiality of the Information System data.
- › The Outsourcing Committee meets at least once a year and as often as necessary. Its purpose is to coordinate the outsourcing strategy, to ensure the compliance and completeness of the system at all times and to ensure that the risks related to outsourcing are assessed and controlled.
- › The HR and General Resources Committee meets at least quarterly, notably to discuss AFL's staff management, recruitment and hiring strategy and labour relations, aligning with the Group's strategy and targets.
- › The Information Systems Governance Committee meets at least half-yearly to conduct IT projects and programs in line with AFL's strategy, and, in particular, to prioritise, rank and manage the annual portfolio of IT projects and maintenance, to set and control the IT budget and to manage the information system.
- › The Financial Communication Committee meets once a quarter and deals with the production and management of permanent and periodic information.

These committees are led by the Chairperson of the Executive Board or by a member of the Executive Board. They are governed by internal regulations.

In the first two operating committees, the Commitments, Risks, Climate and Sustainable Finance Department has a right of veto. In the event that this is exercised, the decision is either postponed to a subsequent Committee, or is subject to a decision by the Executive Board in a vote for which, in the event of a tie, the Chairperson of the Executive Board has the deciding vote.

5.4.2. Internal control functions

In order to carry out its various tasks, and in accordance with the regulations in effect, the internal control framework is organised around three main functions:

- › The Risk Management function
- › The Compliance function
- › The Internal Audit function

The risk management and compliance monitoring system is deployed at several levels:

- › AFL's business lines are responsible for managing the risks to which they are exposed while conducting their activities. They identify the risks associated with their activity and comply with the procedures and limits set; the Commitments and Risks Department assists them in defining the risks related to their activity and the controls to be considered.
- › A first level of continuous monitoring is exercised by employees carrying out operational activities; they must have the means of monitoring for this purpose.
- › A second level of continuous monitoring is overseen by employees who work in the Commitments & Risks Department. In particular, these employees check that the risks have been identified and managed by the first level of monitoring, according to the provided rules and procedures. This second level of monitoring is carried out by the Risk Management function and the Compliance function, whose duties are specified below.

5.4.3. The Risk Management function

Objectives

The Risk Management function ensures the implementation of the AFL Group's risk measurement and results systems and its risk monitoring and control systems. It also ensures that the level of risks incurred is compatible with the strategies, internal policies and limits.

Scope

The Risk Management function:

- › Participates in the development of the AFL's risk strategy and proposes a level of risk appetite for the AFL, approved by the Executive Board; ensures that risks issues are duly considered;
- › It evaluates the impact of new products, significant changes, and/or exceptional transactions.
- › It ensures that all risks are detected, assessed, measured, monitored, managed and duly reported by the business lines.
- › Assesses any violations of risk appetite or risks limits; it recommends possible corrective measures with the relevant departments and follows up on such measures;

- › Is responsible for the implementation of a sound business continuity management plan for the AFL, to ensure its ability to operate uninterrupted and to limit losses in the event of a serious disruption to its operations. In this capacity, it implements and maintains the following in operational condition:
 - response and business continuity plans which guarantee that AFL responds appropriately to emergencies and is able to maintain its most important activities in the event of disruption to its ordinary operating procedures;
 - recovery plans for critical resources which enable the institution to restore its ordinary operating procedures within an appropriate timeframe;
 - AFL insurance coverage.

- › The Risk Management function is in charge of the incident system; it carries out the following:
 - the collection and monitoring of incidents reported by business lines and, more specifically, significant incidents pursuant to the Decree of 3 November 2014, as amended;
 - the overall monitoring of incidents and resulting action plans through the Internal Control Committee and supplies risk mapping with regard to these elements;
 - feedback on these analyses in the form of regular reporting and recommendations to strengthen the risk management system.

- › The Risk Management function assesses the amounts of appropriate internal capital given the nature and level of risks to which AFL could be exposed, with this validated by the Executive Board.

- › In order to carry out these duties, the Risk Management function performs second-level continuous monitoring reviews.

Organisation

The Commitments, Risks, Climate and Sustainable Finance Department is responsible for the Risk Management function.

The Risk Management function for non-financial risks is performed by the Non-Financial Risks and Compliance Department, which includes the Director of Non-Financial Risks and Compliance, who is also responsible for information systems security, and two employees.

With regard to credit risks, the Risk Management function is mainly handled by the Commitments part of the Commitments & Risks Department, which includes two employees other than its Director. The Commitments Department is responsible for credit analysis, overseeing credit authorisation and limiting setting policy, as well as maintaining and developing rating and credit authorisation models. It develops the policies falling under these scopes of responsibility along with the business lines. Limit controls are completed on a regular basis at the transaction level by the business lines, the Commitments Department and the Prudential Financial Risks and ESG Department (PRIF ESG). Analysis of exceedances and related action plans are under the responsibility of the Commitments Department. Monitoring of models (developed and maintained by the Commitments Department) and indicators is the responsibility of PRIF ESG.

The function for management of liquidity, interest rate and exchange rate risks is handled by the PRIF-ESG Department including the Prudential Director and an employee.

Monitoring liquidity, exchange rate and interest rate risks as a first line of defence is carried out by the ALM Division within the Financial Department, which monitors the limits on a monthly basis in the ALCO Committee. The PRIF ESG Department is in charge of stress test calculations, analysing the liquidity, interest rate and exchange rate risk situation on a quarterly basis, and monitoring

models and indicators produced by the business lines serving to control and manage AFL's risks. It contributes to creating policies in these areas of responsibility.

The PRIF ESG Department is in charge of directing the Global Risks Committee, the Icaap process and capital stress tests as well as matters related to resolution (in particular the Preventive Recovery Plan).

Organised in this way, the Risk Management function is in charge of the risk management system entirely independently of operations. It provides guidance, supervision and general monitoring. It relies on the Compliance function for the risk of non-compliance and on operational departments to identify, analyse and monitor the risks daily that it supervises on a consolidated basis.

Associated resources

The Risk Management function relies on various resources and tools that enable it to oversee the risk management of AFL on a continuous and permanent basis:

- › a risk mapping which lists and classifies the risks incurred by AFL for its entire activities (impact, occurrence, extent of control), assessing the correlation between risks incurred and developments in activity. This shall be updated on a biennial basis;
- › risk mapping is prepared using an expert approach regarding financial and strategic risks; in the case of non-financial risks, AFL deploys a mapping methodology involving the operational departments;
- › risk appetite defined and periodically reviewed by the AFL-ST Board of Directors and the AFL Supervisory Board. This defines the overall level and types of risk that AFL is prepared to accept in order to achieve its strategic objectives detailed in its business plan, in line with its level of equity capital, risk control and management capabilities and the prudential and regulatory constraints to which it is subject;
- › the definition of financial and risk management policies developed by the business lines and the Risk Management function, which are reviewed regularly and tailored to each business line, setting the rules and limits that apply to each of the activities. These policies are reviewed annually and validated by AFL's Global Risk Committee before approval by AFL's Supervisory Board;
- › the definition of an Information Systems Security ("ISS") Policy, validated by the Executive Board, which determines the principles enforced to guarantee fully confidential, trustworthy and readily available data, assets and IT services at AFL;
- › risk and activity indicators, including stress tests developed by the Risk Management function or reported by the operational departments, which lead to regular reporting, enabling the Executive Board to have a precise overview of the risks incurred;
- › the analyses and recommendations of the second-level continuous monitoring reviews and the analyses and recommendations of the tasks carried out by the Internal Audit function, as well as those carried out by supervisory authorities and the overall monitoring of resulting action plans;
- › operational, IT incident and compliance malfunction reports issued by Departments, which are centralised in an incident database;
- › continuous monitoring reviews.

The risk management system is monitored by the Global Risk Committee: it is based on summary views of the risks taken by AFL, which should enable the Executive Board and operational departments to have a reliable and up-to-date view of the risks incurred.

Activities of the Risk Management function in 2025

The main activities of the Risk Management function relate to:

-) identification of risk factors and coordination of risk management systems;
-) updating of the global risk map,
-) continuation of work on IT risk management and information systems security;
-) the outsourcing management system.

5.4.4. The Compliance function

Objectives

The Compliance function ensures that AFL's current and future activities comply with the legal, regulatory and ethical obligations in effect or with the instructions of the Executive Board, notably adopted in accordance with the guidelines of the Supervisory Board and the Board of Directors.

Scope

In its role as guarantor of compliance with these rules within AFL, the Compliance function is notably responsible for:

-) the proper application of applicable laws, regulations and texts;
-) compliance with AFL's ethical rules and the management of any conflicts of interest;
-) regulatory monitoring, which enables the Compliance function, together with the business lines, to provide advice to the Executive Board on the measures to be adopted in order to ensure compliance with applicable laws, rules, regulations and standards; as part of this monitoring, the Compliance function informs the business lines of the various major regulatory changes;
-) assessing with operational staff the potential impact of any changes to the legal or regulatory framework on AFL's activities and the compliance verification framework.

These prerogatives concern all of AFL's day-to-day activities, as well as the monitoring of future product and service developments throughout the production chain.

1. The Compliance function is in charge of managing the New Products - Significant Changes system. On this subject, the Compliance function performs a systematic prior assessment and provides a documented, written opinion for new products or significant changes to existing products.
2. The Compliance function is responsible for managing the updating of the body of procedures, listing all existing procedures (describing, in particular, the procedures for recording, processing and reporting information, accounting schemes and procedures for validating transactions), notably ensuring:
 -) its completeness at all times;
 -) its validation as part of the Organisation and Process Committee by all stakeholders; and
 -) it draws on the operational departments to execute the said procedures.

It makes the policies and procedures available to employees in a documentary database, so that anyone can refer to them whenever significant changes are made.

3. The Compliance function can be contacted by any manager or employee on possible

compliance issues according to the process specified by the Ethics Manual. These issues are centralised in a database.

4. The Compliance Function is responsible for second-level continuous monitoring tasks targeting risk of non-compliance and ensures their consistency and effectiveness.
5. As part of the various compliance recommendations and regulations (Monetary and Financial Code, GAFI, ACPR and AMF regulations and positions), the Compliance function defines and implements a system governing Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”), coupled with reporting of due diligence and suspicious transactions.

Organisation

The Compliance function is the responsibility of the Director of Commitments, Risks, Climate and Sustainable Finance, who is the CEO of AFL. The Compliance function is performed by the Non-Financial Risks and Compliance Department and includes, in addition to the Director of Non-Financial Risks and Compliance, two employees.

The personnel in the Compliance function must have sufficient knowledge, skills and experience. Through the AFL training plan, the personnel in the Compliance function have access to regular training.

Associated resources

While performing its various duties, the Compliance function relies on:

- › external reference texts (legal provisions, regulations, standards, opinions of the authorities) monitored as part of its watch;
- › internal reference texts (policies, procedures, accounting schemes, etc.);
- › a continuous monitoring system.

Activities of the Compliance function in 2025

In 2025, the Compliance function continued to consolidate AFL’s non-compliance risk management system.

In this capacity, the main systems developed were subject to compliance maintenance and operational implementation, in particular:

- › the compliance monitoring, document management and internal stakeholder training procedure;
- › the behavioural procedures (ethics, anti-corruption, prevention of conflicts of interest, market abuse and insider trading procedures, etc.);
- › the product and market management and customer protection procedures;
- › The system to govern anti-money laundering (“AML”) and combat the financing of terrorism (“CFT”) as well as to ensure compliance with embargoes – including knowledge of counterparties (“KYC”) and screening of transactions – was increasingly automated;
- › the EU GDPR (“European Union General Data Protection Regulation”) procedure.

Operational and accounting continuous monitoring system

Continuous monitoring of accounting

The accounting organisation aims to verify the quality of accounting, financial and management standards information, whether intended for the Executive Board, the Supervisory Board, the Board of Directors or the ACPR or whether it is included in the documents intended for publication. The implemented organisation must guarantee the existence of a set of procedures termed an audit trail, which makes it possible:

-) to reconstruct transactions in chronological order;
-) to justify any information by an original document from which it must be possible to go back uninterruptedly to the summary document and vice versa;
-) to explain the change in balances from one reporting period to another by keeping track of the changes that affected the accounting items.

To this end, continuous monitoring accounting reviews are implemented to ensure the completeness, quality and reliability of the information and the valuation and accounting methods.

Organisation of the accounting system and internal control procedures relating to the preparation and processing of financial accounting information

Organisation of the accounting system

The Accounting Department reports to the Finance Department. In 2025, it consisted of 3 FTEs.

Permanent accounting controls (levels 1 and 2)

The permanent accounting control system is organised around two levels of controls that aim to provide a guarantee of the regularity, security and compliance of the accounting for the transactions carried out and the monitoring of risks for the associated processes.

The first *level of accounting control* is provided by the operational back-office and accounting teams. It consists of the self-checks carried out by employees in charge of the various accounting tasks, supplemented by relevant line management supervision. **The various types of checks carried out are the following:**

On a daily basis:

Operational controls for the correct accounting of operations, via flow control procedures, such as

the offloading of events from management applications (credit chain, cash, market transactions) into the accounting software, which is checked daily;

cash-settled amounts are recalculated and verified (IBAN verifications, coupon payments, purchases and sales of securities, swap-offs, etc.);

banking flows from market activities are also checked daily with account holders; bank reconciliations are formalised daily.

On a monthly basis:

Inventory checks are carried out monthly: completeness of outstanding credit lines, reconciliation with the custodian for securities inventories and outstanding swaps;

The reconciliations of accounts for general expenses are carried out at bi-weekly intervals.

Other checks are carried out internally with a periodic frequency, notably the following:

-) verification of third-party payer databases (SIRET, name, address and IBAN);

-) verification and control of accounting system authorisations;
-) review of accounting schemes; reconciliation of the accounting position to the positions held by the Back Office and the Middle Office;
-) reconciliation of the accounting position to the positions held by the Back Office and the Middle Office;
-) preparation of account statements;
-) preparation of a half-yearly accounting control file analysing and documenting the balances of the general ledger (checks of documents, changes and of plausibility);
-) development of reconciliations between accounting and management (reconciliation of outstanding loans, outstanding swaps, portfolio performance).
-) A control is carried out by the Chief Financial Officer, with the analytical review of the quarterly consolidated and parent company financial statements.
-) **Second-level accounting controls** aim to ensure the execution of the control procedures implemented upstream by the accounting and back-office teams, the appropriateness of transactions, the compliance of their registration with regard to existing benchmarks (accounting plan, accounting schemes) and compliance with procedures. These consist of accounting consistency checks (such as analytical accounting reviews), cross-checks (reconciliation of accounting results/analytical results). This level of control is provided by a service provider who reports to the Commitments and Risks Director and is carried out every six months.

In detail, this involves:

-) ensuring the reliability of the production of accounting information;
-) ensuring the justification of accounting balances and their consistency;
-) checking that each process is subject to an up-to-date procedure and that this procedure is applied by the teams;
-) ensuring that accounting/management reconciliations have been carried out;
-) testing the system using surveys.

Continuous operational monitoring

The continuous operational monitoring framework covers the daily performance of the controls necessary for the proper functioning of AFL's various activities, with the aim of providing information allowing:

-) an up-to-date view of the risks weighing on the business in terms of the results of controls and incidents encountered;
-) making the necessary adjustments to the organisation.

Continuous monitoring is based on:

-) the first-level continuous monitoring system, carried out by operational staff; management must ensure that each employee is aware of the policies, procedures and responsibilities relating to his or her role, has the information and training necessary for performing his or her duties and the importance of his or her responsibilities, in terms of continuous monitoring;
-) the second-level continuous monitoring system, which notably covers:

- supervision of the first-level control system carried out by operational staff;
- carrying out of second-level controls.

The reviews cover all AFL processes: business processes as supports as well as processes under internal control. They also cover outsourced activities.

The control tools used are, in particular:

-) AFL's procedures, which are subject to an appropriate formalisation and validation process;
-) the CROC Operational Controls and Accounting Controls database, which includes recurring first-level controls;
-) the annual permanent control plan, which covers all of AFL's processes on an annual basis, while focusing on the most significant areas of risk; the control plan is notably based on the results of the first-level controls, the results of previous second-level controls, and the lessons learned from risk mapping and the internal control system;
-) a control methodology incorporating different types of controls according to defined methodologies adapted to the area subject to control;
-) operational, IT and compliance incident reports from the Departments, which are centralised in an incident database.

Organisation

Second-level continuous monitoring is the responsibility of the Director of Commitments and Risks, Climate and Sustainable Finance.

Second-level operational continuous monitoring tasks are managed by the Director of Non-financial Risks and Compliance. The tasks are primarily carried out by the Non-Financial Risks and Compliance Department with regard to operational controls. This includes two employees other than the Director of Non-Financial Risks and Compliance, as well as other employees from the Commitments and Risks Department.

The duties related to accounting controls are carried out by an external service provider under the direction of the Director of Commitments & Risks, Climate and Sustainable Finance.

Continuous monitoring activities in 2025

In 2025, the continuous monitoring system was strengthened. The body of rules governing AFL's activities (policies, procedures, operating methods) was maintained, as part of an extensive updating plan. The first-level control system was extended (functional extension, automation). Lastly, the Continuous Monitoring Plan approved by the Internal Control Committee was implemented exhaustively, enabling all AFL processes to be examined in accordance with procedures adapted to the perceived risk.

5.4.5. The Internal Audit function

Objectives

The objective of the Internal Audit function is to carry out, through surveys, the periodic audit of the compliance of operations, the level of risk effectively incurred, compliance with procedures, efficiency and appropriateness of the Risk Management and Compliance systems, as well as second-level continuous monitoring tasks.

The Internal Audit function independently reviews and provides objective assurance of the compliance of all AFL activities, including outsourced activities, with AFL policies and procedures and with external requirements.

It assesses whether the internal control system of the institution is effective and efficient, and notably assesses:

-) the adequacy of the institution's governance framework;
-) whether existing policies and procedures are adequate and comply with legal and regulatory requirements, as well as the institution's risk appetite and risk strategy;
-) the compliance of the procedures with the applicable legislation and regulations and with the decisions of the Executive Board, the Supervisory Board and the Board of Directors;
-) whether the procedures are implemented appropriately and effectively;
-) the adequacy, quality and effectiveness of the controls carried out and the reports submitted by the operational units of the first line of defence and the risk management and compliance functions;
-) the integrity of the processes guaranteeing the reliability of AFL's methods and techniques, as well as the quality and use of the qualitative risk detection and assessment tools and the risk mitigation measures adopted.

The Internal Audit function develops its own risk assessment, entirely independently of the Risk Management and Compliance functions, which allows it to determine its audit plan.

The Internal Audit function monitors its recommendations in order to verify that they are implemented within a reasonable timeframe, the implementation of which is the responsibility of AFL's executives and management.

Scope

The Internal Audit function works according to a multi-year audit plan, following a risk-based approach, broken down into an annual plan which makes it possible to integrate cyclical elements where necessary.

The internal audit plan covers all of the Company's processes. The internal audit function uses this plan to carry out targeted audits of the systems.

The plan is rolled out over three years depending on the areas and underlying risks.

Organisation

AFL outsourced the internal audit function to a service provider, under the responsibility of the Chairperson of the Executive Board. The Executive Board reviews and approves the choice of service provider as well as the multi-year and annual audit plan.

In this way, the Internal Audit function is completely independent of the other functions within the scope of the system.

The outsourcing process, the choice of service provider and the outsourcing contract provide that the qualifications of the people in charge of the assignments are appropriate and that the resources allocated to the function, as well as the audit tools and methods of risk analysis, are adapted to the size and business model of AFL, as well as to the nature, scale and complexity of risks, activities, risk culture and risk appetite. In selecting the service provider, a verification procedure shall be conducted to ensure that the service provider complies with national or international professional audit standards.

Activities of the Internal Audit function in 2025

In 2025, three internal audits were carried out in accordance with to the three-year audit plan validated in December 2023 by AFL's Supervisory Board and by AFL-ST's Board of Directors.

All recommendations issued by the internal audit were monitored throughout 2025. Two monitoring reports were produced at end-June 2025 and end-December 2025.

The conclusions of these audits and the follow-up reports on the recommendations were presented to the Executive Board, AFL's Supervisory Board and AFL-ST's Board of Directors.



6. AFL Research and Development activity

Given its corporate purpose, AFL does not undertake research and development operations.

7. Data on share capital and shares

7.1. SHAREHOLDING STRUCTURE AND CHANGES DURING THE FINANCIAL YEAR

AFL's share capital amounted to €262,529,573.74 (vs. €241,069,154.12 at 31 December, 2024), divided into 2,786,418 fully subscribed and paid-up shares of the same class. AFL's share capital consists entirely of registered shares. Each share held entitles the holder to a vote at General Meetings. AFL did not issue or authorise the issue of any preference shares during the financial year ended 31 December 2025.

Almost all of the share capital and voting rights in AFL are held by AFL-ST (99.999%). The balance, i.e. one share, is held by the Lyon Metropolitan Area, within the territory of which AFL's registered office is located, in order to comply with the requirements of Article L. 225-1 of the French Commercial Code.

AFL-ST has the exclusive control of AFL, and was the only organisation to subscribe to AFL's share capital increases during the 2025 financial year, continuing to comply with its company purpose, which consists notably of being a shareholder of AFL.

The Annual General Meeting of Shareholders of AFL shall be called on this point to renew the delegation of powers to the Company's Executive Board to carry out capital increases up to an overall limit of €150m, with the cancellation of shareholders' preferential subscription rights for the benefit of AFL-ST.

7.2. EMPLOYEE SHARE OWNERSHIP

No shares in the companies composing the AFL Group are owned by its employees, since the shareholder structure imposed by the legislator does not allow employees to own shares in the capital of AFL-ST or of AFL.

Consequently:

- › no share purchase or option transactions reserved for employees were carried out in the Company during the financial year ended 31 December 2025;
- › No transactions were carried out during the financial year ended 31 December, 2025 in respect of stock options to purchase or subscribe for shares of AFL Group companies reserved for employees as provided for in Articles L. 225-177 to L. 225-186 and L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

There are no plans to offer AFL's shares to Company employees.

7.3. COMPANY SHARE BUYBACKS

AFL did not carry out any transactions involving its own shares during the financial year ended 31 December 2025.

It should also be noted that the Company did not hold any of its own shares at 31 December 2025.

7.4. TRANSACTIONS ON AFL SECURITIES BY ITS OFFICERS

AFL was not informed of any acquisition, disposal, subscription or exchange of AFL shares by corporate officers or by persons with close personal ties with any of these parties during the financial year ended 31 December 2025.

7.5. STOCK MARKET POSITION OF AFL

At 31 December 2025, none of the shares comprising AFL's share capital were tradeable on a regulated market.



8. Other Key Performance Indicators - AFL Social, Societal and Environmental Commitment

Financial information appears elsewhere in the document.

8.1. THE AFL'S SOCIAL AND SOCIETAL COMMITMENT

- › Since its creation in 2014, Agence France Locale has made social and societal commitments to its staff.

The AFL Executive Board is made aware of the importance of Corporate Social Responsibility (CSR). One of the challenges set by the Board is to support employees throughout their careers.

It aims to develop committed and loyal human resources management and to build a healthy and fair environment to ensure the personal and professional fulfilment of its employees.

The AFL Executive Board is steadfastly committed to respecting and championing fundamental human rights. It is committed to upholding internationally recognised human rights standards, as defined in the International Bill of Human Rights. This includes respect for human rights and the recognition of fundamental rights in the workplace, overseeing fair employment and working conditions, non-discrimination in labour relations, compliance with all health and safety regulations, and upholding the right to freedom of association.

- › This level of CSR is reflected in a raft of measures and commitments.

- General Human Resources Management Policy

Guiding principles

- Promotion of fairness between employees;
- Openness to social dialogue;
- Upskilling by conducting periodic training and assessments;
- Introducing approaches and procedures to identify, train and develop high-potential employees;
- Combating all types of harassment by raising employee awareness of such issues and enforcing strict compliance with regulations;
- Supportive employment management;
- Supporting employees throughout their careers (coaching, assessments, development, compensation, illness, etc.);
- Fostering internal mobility.

Health & Safety

- Protecting employees' health by creating a healthy and pleasant working environment;
- Adhering to applicable regulations in terms of working hours and observing proper health and safety conditions;
- Heightening awareness and training employees and managers on health and safety issues.

- Diversity & Inclusion

Efforts to combat discrimination

- Championing diversity and equal opportunities;
- Establishing recruitment and staff management mechanisms aimed at eliminating discrimination, particularly on the grounds of origin, sex, marital status, sexual orientation, disability, age, political opinion, trade union activities or religion;
- Welcoming people from all walks of life to Agence France Locale.

Equal opportunities

- Introducing specific career development paths to move the needle on female employees taking up managerial positions;
- Implementing concrete financial measures to advocate for equal pay for men and women;
- Actively overseeing schedules and working conditions to ensure work-life balance as well as facilitate the reintegration of female employees returning to work after maternity leave.

Young professionals

- Company onboarding for young people through internships and work-study programs;
- Creating a talent hiring hub;
- Participating in recruitment fairs.

Disabilities

- Use of ESAT-type establishments for various services or the supply of equipment.

- › What's more, achieving specialised credit institution status (under Article L. 511-9 of the French Monetary and Financial Code) involves the AFL's adherence to the "National Collective Agreement of Banks of 10 January 2000".

Across the board, this collective agreement is seen as one of the most demanding on employment law. In this respect, the AFL meets the most exacting standards.

AFL's human resources are committed to enforcing AFL Group's societal commitments under its HR strategy development.

Year in, year out AFL publishes a Sustainability Report to document this progress. This makes it possible to monitor fulfilment of the AFL's social and environmental commitments. Specifically, it provides quantitative social information on the AFL (headcount, breakdown by age group, sex, contract type, recruitment and hiring intelligence), and qualitative information (information on coordination of social dialogue, work practices, employee health and safety, training, measures to promote the employment of people with disabilities, anti-discrimination policy).

8.2. AFL'S ENVIRONMENTAL COMMITMENT

AFL is implementing several initiatives aimed at reducing the environmental impact of its operations, notably through the digitization of its business processes, the management of its carbon footprint, the development of sustainable mobility solutions, and responsible procurement practices. These initiatives are detailed in the ESG Report, which provides a comprehensive overview of the Agence France Locale Group's commitments, policies, and practices regarding environmental, social, and governance responsibility. This report compiles qualitative and quantitative information and includes indicators to track the implementation of policies and measure their impacts. This section refers to the ESG Report for a complete and detailed presentation.

APPENDIX 1

INCOME STATEMENT FOR LAST FIVE FINANCIAL FINANCIAL YEARS

(ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Parent company financial statements at 31 December:

NATURE OF INDICATORS	2025	2024	2023	2022	2021
I. - Financial position at the end of the year :					
a) Share capital in thousands of euros	262 530	241 069	221 700	207 600	196 800
b) Number of shares issued	2 786 418	2 558 644	2 217 000	2 076 000	1 968 000
c) Number of bonds convertible into shares					
II. - Total income from actual operations (in thousands of euros) :					
a) Revenue excluding tax.	29 566	22 488	23 570	13 842	12 029
b) Earnings before tax, depreciation, amortization and provisions	10 479	9 833	10 238	4 978	3 297
c) Income taxes	- 1 448	- 772	- 406	-	- 1
d) Earnings after tax, depreciation, amortization and provisions	10 640	5 780	7 534	348	2 073
e) Amount of earnings distributed					
III. - Income form operations reduced to a single share:					
a) Earnings after tax, but before depreciation, amortization and provisions	3	4	4	2	2
b) Earnings after tax, depreciation, amortization and provisions	4	2	3	0	1
c) Dividend paid for each share					
IV. - Staff :					
a) Number of employees	50	46	39	34	31
b) Total payroll (in thousands of euros)	5 038	4 711	4 802	4 117	3 868
c) Amount paid in respect of social benefits (social security, charities, etc) (in thousands of euros)	2 775	2 502	2 548	2 036	2 063

APPENDIX 2
SUPERVISORY BOARD'S REPORT ON CORPORATE GOVERNANCE

AGENCE FRANCE LOCALE

Société anonyme (French public limited company) with a Management Board and Supervisory Board

with a share capital of €262,529,573.74

Registered office: 112, rue Garibaldi, 69006 Lyon

Lyon Trade and Companies Register (RCS): 799 379 649

Dear Shareholders,

In my capacity as Chairman, I have the honour of presenting to you, in the name and on behalf of the Supervisory Board, the Corporate Governance Report for 2025, which was approved at the Supervisory Board meeting held on 25 March 2026, following the favourable opinion of the Company's Appointments, Compensation and Corporate Governance Committee (the **ACCGC**) on 17 March 2026.

This report notably includes the information required pursuant to Articles L.225-68, paragraph 6, L.225-37-4, and L22-10-20 of the French Commercial Code, article L.511-100 of the French Monetary and Financial Code, and the provisions of the AFEP-MEDEF Corporate Governance Code, to which Agence France Locale adheres on a voluntary basis.

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GLOSSARY

Agence France Locale (the **Company** or **AFL**) is a public limited company (*société anonyme*) with a Management Board and a Supervisory Board. This legal form permits a separation between:

-) the Company's management functions, performed by the Management Board, and
-) the functions of overseeing the management of the Company, performed by the Supervisory Board.

AFEP-MEDEF	Association Française des Entreprises Privées [French Association of Private Companies] and the Mouvement des Entreprises de France [Companies Movement of France]
AFL or the Company	Agence France Locale
AFL-ST or the Société Territoriale	Agence France Locale Société Territoriale
AGM	General Meeting of Shareholders
ACCGC	Appointments, Compensation and Corporate Governance Committee
AFEP-MEDEF Code	The code of corporate governance for listed companies, published by the AFEP-MEDEF, as revised in December 2022
Executive corporate officers	In public limited companies with a Management Board and a Supervisory Board, this refers to the Chairperson and members of the Management Board
Non-executive corporate officers	In public limited companies with a Management and Supervisory board, this refers to the Chairperson of the Supervisory Board
Executive directors (or corporate officers)	Refers to all executive and non-executive officers in the company
ESG	Environmental, Social and Governance
AFL Group or Agence France Locale Group	The group comprising AFL and its parent company, AFL-ST
Non-executive corporate officers	In public limited companies with a Management Board and a Supervisory Board, this refers to the members of the Supervisory Board
Internal regulations of the Supervisory Board	The internal regulations of the Supervisory Board, as supplemented by the internal regulations of the Management Board (and now entitled " <i>Internal regulations of the AFL Supervisory Board and Management Board</i> ")
CSR	Corporate social responsibility

1. DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In accordance with the provisions of articles L.22-10-10, 4 of the French Commercial Code and 28.1 of the AFEP-MEDEF Corporate Governance Code, the Company declares that it adheres to, applies and voluntarily adopts the recommendations issued by the AFEP-MEDEF within the code of the same name, as a reference framework for corporate governance. The Internal Regulations of the Company's Supervisory Board include the main provisions of the said Code¹.

At the same time, in order to account for its specific characteristics, AFL has made the following governance choices:

-) Share ownership by corporate officers and Supervisory Board members (Articles 21 and 24 of the AFEP-MEDEF Code):

AFL does not apply the provisions of Articles 21 and 24 of the AFEP-MEDEF Code: as such, the Company's corporate officers and Supervisory Board members do not hold any AFL or AFL-ST shares. This stems from the structure of the AFL Group: the shareholding of both companies is composed, directly or indirectly, solely of the entities defined in Article L. 1611-3-2 of the French General Local and Regional Authorities Code.

-) Representation of the Company's employees on the Supervisory Board (Article 9 of the AFEP-MEDEF Code):

AFL has chosen not to apply the provisions of Article 9 of the AFEP-MEDEF Code: in view of its light business model, notably its limited workforce of around forty permanent employees, its Articles of Association do not provide for the possibility of appointing employee representatives to the Supervisory Board².

2. ASSESSMENT OF THE COLLECTIVE FUNCTIONING OF THE SUPERVISORY BOARD AND OF THE INDIVIDUAL CONTRIBUTION OF THE MEMBERS

Pursuant to Article L.511-100 of the French Monetary and Financial Code and Article 11 of the AFEP-MEDEF Code, it is the responsibility of the ACCGC to review the following periodically, at least once a year:

- (i) the composition and functioning of the Supervisory Board;
- (ii) the knowledge, skills and experience of the members of the Supervisory Board;

and to report on these to the Board (*Assessment by the Board*).

The members of the Supervisory Board were invited to take part in the assessment of the collective functioning of the Board and the individual contribution of its members *via* a self-assessment questionnaire prepared by the ACCGC. The results of the questionnaire were the subject of an analysis by the ACCGC on 12 November 2025, and then by the Supervisory Board on 9 December 2025.

In summary, this review revealed:

-) a relevant approach to ESG issues, adapted to the challenges facing the Company;
-) the successful re-appointment of the Supervisory Board in May 2025;
-) high quality of meeting discussions and materials;
-) a positive assessment of the training course delivered to members of the Board regarding local governments;

¹ The AFEP-MEDEF Code is available on the www.hcge.fr website. The Rules of Procedure of the Supervisory Board and the Management Board are available on the Company's website and can be consulted at the Company's registered office.

² Moreover, the Company does not fall within the scope of the provisions of Article L.225-79-2 of the French Commercial Code.

-) some points of focus, essentially regarding the importance of continuing, and further developing, work on the following matters at the next meetings of the Board and its Committees:
 - the succession plan for key persons;
 - internal transformation challenges linked to growth;
 - regular information on the economic context and its impact on the Company's business model;
 - regular information on the challenges faced by local governments;
 - rescheduling of a training course dedicated to banking and financial subjects;

3. COMPOSITION AND FUNCTIONING OF COMPANY BODIES

The Management Board manages the Company under the permanent supervision of the Supervisory Board, which is itself assisted in carrying out its duties by three specialist committees: the Audit Committee, the Risk Committee, the ACCGC and the Strategy and Responsible Commitments Committee.

3.1. The Supervisory Board

3.1.1. Composition

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a minimum of eight members and a maximum of eighteen members, and must at least include:

- (a) the Chairman of the Board of Directors of AFL-ST;
- (b) the Deputy Chairman of the Board of Directors of AFL-ST;
- (c) the CEO of AFL-ST;
- (d) at least one expert with in-depth knowledge of the problems relating to the finances of local and regional authorities; and
- (e) at least five (5) members recognised for their professional skills in banking, finance, and/or supervision of risk;
- (f) it may also include one or more members recognised for their professional skills in any area useful for the proper oversight of the Company (outside the areas already mentioned in paragraphs (d) and (e) above), at the discretion of the Supervisory Board.

Under the terms of the Articles of Association, the Supervisory Board shall consist of:

- A majority of members recognised for their professional expertise in banking/finance and/or risk supervision; and
- A majority of independent members. It is specified as necessary that, by their very nature, the members of the Supervisory Board cited in paragraphs (a), (b) and (c) are not independent members.

These rules are designed to ensure the competence and independence of AFL's Supervisory Board, a key element in guaranteeing the good governance and management autonomy of AFL with regard to AFL-ST³.

In addition, the articles of association provide for an age limit: when the number of Supervisory Board members over the age of 70 represents more than one-third of the Board, the oldest member is automatically deemed to have resigned.

³ See 3.1.4 of this Report.

In addition, an internal principle sets an age limit of 75 for acting as Chairperson or Deputy Chairperson of the Company's Supervisory Board.

) **Non-voting directors**

The provisions of the Articles of Association related to the composition of the Supervisory Board allow the incorporation of non-voting directors onto the Board starting in May 2023, independent directors, who may:

- provide it with additional skills and expertise, as required; and
- as appropriate, create a pool of future candidates for appointment as independent members of the Supervisory Board.

Under the terms of the Company's Articles of Association, the Supervisory Board may appoint up to three individuals as non-voting members of the Supervisory Board⁴.

Non-voting directors must meet the independence requirements of the AFEP-MEDEF code and must not be elected representatives or employees of a local governments that is a shareholder of the AFL-ST.

They participate in a purely consultative capacity in meetings of the Supervisory Board and the Committees to which they are invited.

Composition of the Supervisory Board at 31 December 2025:

At 31 December 2025, the Supervisory Board had 11 members.

As stated above, no member of the Board holds shares in the Company.

There are no non-voting members of the Management Board.

The table below shows the composition of the Supervisory Board as of 31 December 2025.

⁴ Article 15.12 of the Articles of Association

Sacha Briand

Chairman of the Supervisory Board

Date of birth: 11
December 1969

Nationality: French

1st appointment: Co-opted by the Supervisory Board on 28 September 2020

Re-appointments: GM of 6 May 2021 and GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

-) Since 28 September 2020: Deputy Chairman of the Board of Directors of AFL-ST
-) 2017-2020: Permanent representative of the Toulouse Metropolitan Area on the Board of Directors of ST

Offices and positions held outside the Group

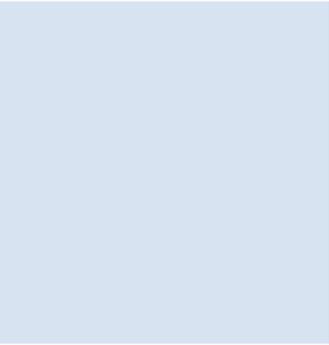
Offices currently held

-) Since 2020:
 - Chairman of EPFL of Grand Toulouse
 - Member of the SDEHG trade union council
-) Since 2014:
 - Deputy Mayor of the City of Toulouse
 - Vice-President of the Toulouse Metropolitan Area
 - Regional Councillor of the Occitanie Region
 - Member of the Trade Union Committee of SM Tisséo Collectivité
 - Member of the Board of Directors of SPL Tisséo Ingénierie
 - Member of the Board of Directors of EPIC Tisséo Voyageurs
-) Since 2005: Barrister at the Toulouse Bar

Mandates expiring during the last five years

-) 2020-2024: Member of the Board of Directors of the SEM of MINT
-) 2017-2020: Member of the Board of Directors of SPL ZeFil
-) 2016-2023: Member of the SM DECOSET Trade Union Committee
-) 2016-2020: Non-voting member of the Supervisory Board of SA ATB (Blagnac airport)

Other areas of expertise and experience

- 
-) 1995-2013: Municipal Councillor of the city of Blagnac
 -) 1998-2004: General Director of Services for the Muretain Community of Municipalities
 -) 1995-2004: General Director of Services of the Municipality of Muret
 -) 1993-1995: Public organisation management consultant, JPA Consultants

Marie Ducamin

Deputy Chairwoman of the Supervisory Board

Date of birth: 11 August 1967

Nationality: French

1st appointment: Co-opted by the Supervisory Board on 23 May 2023

Re-appointment: GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- › Since 23 May 2023: Chairwoman of the Board of Directors of AFL-ST

Offices and positions held outside the Group

Offices currently held

- › Since November 2024: Director of SEMOP for the urban heating network of the Rennes Métropole and SEMOP ENERSUD
- › Since 2023:
 - Member of the Board of Directors of the Association Nationale des Pôles d'Equilibre Territoriaux et Ruraux et des Pays (ANPP - Territoires de projet)
 - Member of the Local Finance Committee
- › Since 2022: Director - Association of Mayors of Ille-et-Vilaine
- › Since 2020:
 - Deputy Chairwoman of Rennes Métropole, responsible for finance and public procurement
 - Mayoress of Saint-Jacques de La Lande
 - Deputy Chairwoman - OPH Archipel Habitat
 - Director - SEM Trajectoires-Semtcars
 - Director - SPL Citédia Métropole

Mandates expiring during the last five years

- › 1998-2020: History and geography teacher

Other areas of expertise and experience

- › 2014-2020: Deputy mayor in charge of town planning
- › 2012-2014: Deputy mayor in charge of education, children and young people

Olivier Landel

Member of:

- Audit committee
- Risk Committee
- Strategy and Responsible Commitments Committee
- Appointments, Compensation and Corporate Governance Committee

Born on 9 January 1963

Nationality: French

1st appointment:
In the Articles of Incorporation of 17 December 2013

Re-appointments: GM of 5 May 2017, 6 May 2021 and 6 May 2025

Expiry of term of office: GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

-) December 2013 to 31 December 2025: Chief Executive Officer, AFL-ST

Offices and positions held outside the Group

Offices currently held

-) Since December 2023: Member of the Scientific Council of the TERRITORIA Observatory
-) Since 2019: Member of the Strategic Council of the Urban School of Sciences-Po Paris
-) Since 2018: Member of the Board of Directors of HEDATE and member of the Scientific Advisory Board of the CHEM

Mandates expiring during the last five years

-) 2015-June 2023: Executive Director of France Urbaine

Other areas of expertise and experience

-) 2002-2015: General Delegate of the Association of Urban Communities of France (ACUF), which became France urbaine in 2016
-) 2010-2015: General Delegate of the Study Association for the Local Authorities Funding Agency
-) 2009-2013: Guest speaker, Master's Program in Territorial Development and Urban Strategies (STU), Education: Sciences-Po
-) 2009-2013: Chairman of the Association of Auditors of IHEDATE
-) 2001-2002: Senior Manager, Intercommunity, Management, Finance, Business Intelligence, Ernst & Young
-) 1996-2001: Organisational, finance and local governments management consulting, Puyo Consultants/Objectif M+
-) 1994-1996: Accounting, finance, local governments and IT consulting, Olivier Landel Conseil/Objectif M14
-) 1991-1994: Deployment of financial management software for local governments, GFI solution (formerly SINORG)
-) 1986-1991: Foreign Services of the Treasury, Accounting for local governments, Trésor Public (French public revenue office)

Bertrand de Mazières

Member of the Audit Committee

Born on 3 July 1957

Nationality: French

1st appointment:
GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

- › None

Offices and positions held outside the Group

Offices currently held

- › Since May 2025: Director and member of the Audit Committee and the Internal Control, Risks and Compliance Committee, BNP Paribas
- › Since 2018: Director and Chairperson of the Audit Committee, IFFIm
- › Since 2014: Member of the Strategy Committee, Agence France Trésor

Mandates expiring during the last five years

- › October 2024-May 2025: Non-voting member of the Board of Directors, BNP Paribas
- › 2006-2023: Executive Director of Finance, European Investment Bank

Other areas of expertise and experience

- › 2014-2020: Director - France Representative, ICMA
- › 2003-2006: Chief Executive Officer, Agence France Trésor
- › 1996-2003: Secretary General, Financial Markets Council

Sophie L'Hélias

Chairwoman of the Appointments, Remuneration and Corporate Governance Committee

Offices and positions held within the Group since its incorporation

-) None

Offices and positions held outside the Group

Offices currently held

-) Since December 2022: Member of the Board of Directors of International Workplace Group Plc
-) Since 2021:
 -) Independent Director of Herbalife Ltd.
 -) Member of the High Committee of Corporate Governance (HCGE)
 -) Since 2020: Independent consultant at ImpactXXchange SAS
 -) Since 2018:
 -) Member of the Board of Directors of SICAV Échiquier Positive Impact
 -) Independent director and member of the Governance, Strategy and CSR Committee of Africa50 Infrastructure fund
 -) Since 2015: Fellow, The Conference Board, ESG Center
 -)

Mandates expiring during the last five years

-) 2024-2025: Vice-President, Perspectives and Ideas at MEDEF
-) 2021-2024: Member of the Board of Directors of the European Corporate Governance Institute (ECGI)
-) January 2022- November 2022: Chairwoman of the Board of Directors of SUEZ SA
-) 2015-2022: Member of the Advisory and Editorial Board of the Hawkamah Institute for Corporate Governance
-) 2016-March 2021: Lead Director, member of the Audit and Remuneration Committee, and member of the Social, Nomination and Governance Committee of Kering SA
-) 2019-2021: Member of the MEDEF Governance Committee

Born on 30 December 1963

Nationality: French

1st appointment: GM of 4 February 2021

Re-appointment: GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Other areas of expertise and experience

-) Co-founder, International Corporate Governance Network (ICGN)
-) 2017-2018: Advisor, UN Global Compact SDG leadership Blueprint, New York
-) 1994-2001: CEO, Franklin Global Investors (FGIS)

) Barrister at the Paris and New York Bars (omitted)

Marie Lemarié

Chair of the Audit Committee

Born on 4 January 1972

Nationality: French

1st appointment:

Co-opted by the Supervisory Board on 28 September 2022

Reappointment: GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

-) None

Offices and positions held outside the Group

Offices currently held

-) Since November 2024: SCOR CFO Strategic Advisor
-) Since 2023: Member of the Board of Directors and of the Audit Committee, Getlink
-) Since 2018: Member of the Board of Directors of SCOR IRELAND
-) Since 2024: Member of the Board of Directors and Audit Committee of Eiffage.

Mandates expiring during the last five years

-) 2018-November 2024: Chief Executive Officer of Scor Ireland
-) 2012-2024: Member of the Board of Directors and Audit Committee of Eiffage

Other areas of expertise and experience

-) 2015-2018: Director, Association Française des Gestionnaires Actif-passif [French Association of Asset and Liability Managers] (AFGAP)
-) March 2012-June 2018: Director of Investments and Financial Operations, Groupama SA
-) March 2012-June 2018: Director within various entities of the Groupama Group.
-) February 2003-February 2012: Chief Investment Officer, Aviva France and Europe
-) 1999-2003: Head of Diversified Management, State Street Bank
-) 1996-1998: Economist, REXECODE

Sophie Souliac-Dallemagne

Chairwoman of the Risk Committee

Member of the Appointments, Remuneration and Corporate Governance Committee

Born on 30 April 1970

Nationality: French

1st appointment:
AGM, 5 December 2022

Expiry of term of office:
GM 2026

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

) None

Offices and positions held outside the Group

Offices currently held

) Since 2017: Chief Executive
Officer of Hiram Finance
France

Mandates expiring during the last five years

) None

Other areas of expertise and experience

-) 2009-2017: Managing Consultant, Hiram Finance
-) 2012-2016: Director, Conservatoire de Musique, Asnières sur Seine
-) July 2007-April 2009: Chief Executive Officer, Natixis Alternative Investments Limited UK
-) September 2002-September 2007: Co-CEO of structured products on alternative management funds, IXIS Corporate & Investment Bank
-) 2000-2002: Risk Manager, IXIS Corporate & Investment Bank
-) 1995-2000: Risk Controller, Caisse des Dépôts et Consignations

Julien Denormandie

Member of the Strategy and Responsible Commitments Committee

Offices and positions held within the Group since its incorporation

-) None

Offices and positions held outside the Group

Offices currently held

-) Since 2025:
-) Chairman of the Strategic Committee, KEPREA
-) Board Member, Coalition and Territory Think Tank
-) Since October 2022: Member of the Supervisory Board, RAISE
-) Since September 2022: Chief Impact Officer, SWEEP
-) Chairman, HMAGi SASU
-) Director, Neoproprio (formerly Fleximmo)
-) Director, Institut de la Finance Durable

Mandates expiring during the last five years

-) October 2022-2025: Senior Advisor – RAISE
-) July 2020-May 2022: Minister of Agriculture and Food
-) October 2018-July 2020: Minister for the City and Housing

Born on 14 August 1980

Nationality: French

1st appointment:
AGM, 5 December 2022

Expiry of term of office:
GM 2026

Business address: 112,
rue Garibaldi, 69006
Lyon

Other areas of expertise and experience

-) June 2017-October 2018: Secretary of State for Territorial Cohesion
-) April 2016-May 2017: Deputy General Secretary, En Marche
-) 2014-2016: Deputy Chief of Staff, Economy Ministry
-) 2012-2014: Adviser, Economy and Finance Ministry and Ministry of Foreign Trade
-) 2010-May 2012: Bureau Chief, Treasury Department, Turkey, Balkans, CIS and Middle East Office
-) 2008-2010: Economic Adviser: French Embassy in Egypt
-) 2004-2008: Deputy Head of Office: Economy and Finance Ministry, Treasury Department Project Financing Office for the CIS and the Middle East

Estelle Grelier

Member of the Appointments, Remuneration and Corporate Governance Committee

Offices and positions held within the Group since its incorporation

-) None

Offices and positions held outside the Group

Offices currently held

-) Director, SAUR Solidarités
-) Since September 2024: Chairwoman of Fédération des Entreprises de l'eau (FP2E)
-) Since June 2024: Director on the Board of Directors of Compagnie des Eaux de Royan (CER)
-) Since January 2024:
 - Chairwoman of SAUR France
 - Chairwoman, GRIM HOLD

Mandates expiring during the last five years

-) March 2018-January 2024: Director of Strategy and Development, SAUR Group
-) January 2016-June 2021: Regional Councillor, Normandy Region

Born on 22 June 1973

Nationality: French

1st appointment:
GM of 6 May 2024

Expiry of term of office:
GM 2028

Business address: 112,
rue Garibaldi, 69006
Lyon

Other areas of expertise and experience

-) February 2016-May 2017: Secretary of State for Territorial Authorities
-) June 2012-February 2016: Representative of the 9th district of Seine-Maritime
-) 2008-2016: Vice Chairwoman, Assembly of Communities of France
-) 2008-2014: Chairwoman, CDG 76
-) 2001-2014: Chairwoman of the Fécamp Caux Littoral Conurbation
-) 2009-2012: Member of the European Parliament

Lydie Assouline

Member of the Audit and Risk Committee

Offices and positions held within the Group since its incorporation

-) December 2023-6 May 2025: Non-voting member of the Supervisory Board

Offices and positions held outside the Group

Offices currently held

-) None

Mandates expiring during the last five years

-) 2023-2025: Board Member, Humoon
-) 2022-2025: Senior Advisor, Blackfin
-) 2022: Member of the Board of Directors - New Access
-) 2021: Executive Vice-President - Sopra Banking Software
-) 2016-2020: Chief Executive Officer - SAB
-) 2013-2020: CEO-SAB

Born on 11 March 1960

Nationality: French

1st appointment:

Appointed by the GM of 6 May 2025

Expiry of term of office:

GM 2029

Business address: 112, rue Garibaldi, 69006 Lyon

Other areas of expertise and experience

-) 2011-2013:
 -) COO Groupama GAN Vie
 -) Chairwoman of the Régime Interprofessionnel de Prévoyance [Interprofessional Provident Scheme] -Groupama
-) 2010-2013: Member of the Board of Directors - GIE Groupama Logistique et Achats [Logistics and Procurement]
-) 2001-2011: CIO & COO - Groupama Banque
-) 2002-2010: Member of the Management Board - Groupama Banque
-) 1997-2001: CIO - Groupama SA
-) 1983-1997: Project Director and Account Director - IBM Global Services

Olivier Labe

Chairman of the Strategy and Responsible Commitments Committee
Member of the Audit Committee

Born on 13 October 1969

Nationality: French

1st appointment:
GM of 6 May 2025

Expiry of term of office: GM 2029

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

-) March 2024 to 6 May 2025: Non-voting member of the Supervisory Board

Offices and positions held outside the Group

Offices currently held

-) Since 2020:
 - Member of the Steering Committee, ICMA's Public Sector Issuer Forum
-) Since 2018:
 - CFO Member of the Executive Committee BNG Bank

Mandates expiring during the last five years

-) 2024: CEO ad interim, BNG
-) 2018-2024:
 - Member of the advisory board, University of Amsterdam faculty of Economics
 - Chairman of the Supervisory Board of BNG Duurzaamheidsfonds (investments funds specialised in ESG initiatives at municipal level)
-) 2016-2024: Supervisory board member, a.s.r Asset Management
-) 2020-2024: Chairman of the Supervisory Board of BNG GO (subsidiary of BNG, specialised in Area Development)
-) 2015-2023: Chairman of the Supervisory Board, HVO (mortgage subsidiary of BNG)

Other areas of expertise and experience

-) 2015-2018: Executive Board Member, BNG Bank
-) 2010-2015: Managing Director Treasury & Capital Markets, BNG Bank
-) 2007-2010: Senior Dealer Treasury, BNG Bank
-) 2005-2007: Manager Global Treasury Operations – Europe, Unilever
-) 2001-2005: Senior Dealer Treasury Operations, Unilever

› **Changes in the composition of the Supervisory Board and specialised committees during the 2025 financial year:**

	Departures	Appointments - Co-optations
Supervisory Board	<u>General Meeting of 6 May 2025</u> - end of term of office of: - Lars Andersson - François Drouin - Nicolas Fourt - Victoire Aubry	<u>General Meeting of Shareholders of 6 May 2025:</u> - Olivier Labe - Lydie Assouline - Bertrand de Mazières <u>General Meeting of 23 December 2025 (*)</u> : - Philippe Rogier - Véronique McCarroll
Risk Committee	<u>Supervisory Board meeting of 6 May 2025:</u> - François Drouin - Victoire Aubry <u>Supervisory Board meeting of 9 December 2025:</u> Olivier Landel (*)	<u>Supervisory Board meeting of 6 May 2025:</u> - Lydie Assouline - Marie Lemarié <u>Supervisory Board meeting of 11 June 2025:</u> Philippe Rogier (*) <u>Supervisory Board meeting of 9 December 2025:</u> Véronique McCarroll (*)
Audit committee	<u>Supervisory Board meeting of 6 May 2025:</u> - François Drouin - Victoire Aubry <u>Supervisory Board meeting of 9 December 2025:</u> Olivier Landel (*)	<u>Supervisory Board meeting of 6 May 2025:</u> - Olivier Labe - Bertrand de Mazières <u>Supervisory Board meeting of 11 June 2025:</u> Philippe Rogier (*)
ACCGC		<u>Supervisory Board meeting of 11 June 2025:</u> Philippe Rogier (*)
Strategy and Responsible Commitments Committee	<u>Supervisory Board meeting of 6 May 2025:</u> - Lars Andersson - Nicolas Fourt	<u>Supervisory Board meeting of 6 May 2025:</u> Olivier Labe <u>Supervisory Board meeting of 9 December 2025:</u> Véronique McCarroll (*) <u>Supervisory Board meeting of 11 June 2025:</u> Philippe Rogier (*)
Non-voting director(s)	Lydie Assouline and Olivier Labe, non-voting members until their appointment as Members of the SB by the GM in May 2026	

(*) With effect from 1 January 2026

3.1.2. Rules applicable to the appointment of members of the Supervisory Board

› **Members of the Supervisory Board**

In accordance with the legal provisions in effect, the appointment of Supervisory Board members is a matter for the Ordinary General Meeting of shareholders.

Pursuant to Article L.225-78 of the French Commercial Code, the Company's Articles of Association further stipulate that if one or more members vacate their seat due to death or resignation, the Supervisory Board has the option of co-opting a new member in order to replace those members on a provisional basis and the appointment must be ratified by the next General Meeting following the appointment.

This procedure is also applicable in the event that the number of members on the Supervisory Board falls below the statutory minimum (eight [8] members), for the purpose of adding new members within three months of the day on which the vacancy arises.

All applications for memberships of the Supervisory Board are reviewed, prior to their submission to the General Meeting of Shareholders of the Company, by the ACCGC of AFL and the ACCGC of the Société Territoriale, pursuant to Article 15.2.1 of the Company's Articles of Association, in such a way as to ensure the compliance of the composition of the Supervisory Board.

While taking into account the specificities of the AFL Group, the directors are appointed in consideration of their skills and experience in relation to the activities of the Company and the AFL Group. This assessment is made on the basis of a skills analysis grid, both individually and considering the collective expertise of the Board. Appointments are approved by the supervisory authorities (so-called "fit and proper" analysis).

) Non-voting directors

Pursuant to article 15.12.1 of the Company's Articles of Association, the non-voting directors are appointed by the Supervisory Board, after hearing the opinion of the ACCGC of the AFL and the Board of Directors of the AFL-ST, after hearing the opinion of the ACCGC of that company.

3.1.3. Knowledge, skills, and experience of the Supervisory Board members

The diversity and complementarity of the profiles of the members of the Supervisory Board enable all the key skills to be represented, in such a way as to understand the activity and challenges of Agence France Locale.

In order to ensure a balanced composition, the Board has a reference framework based on a matrix of the key skills of its members in the areas essential to the Company's business: knowledge of the financial sector and regulatory requirements, strategy/leadership, risk management, governance, accounting and financial information of a reporting institution, CSR, marketing & communication, ICT and cybersecurity, HR, institutional organisation and local public sector finance.

All these key skills are represented on the Supervisory Board.

) Evaluation of the individual contribution of the Members of the Supervisory Board

The ACCGC of the Company, which met on 12 November 2025, confirmed that all of the members of the Supervisory Board have key expertise with regard to the Company's business, enabling it and the AFL Group to develop under the aegis of a high-quality Board.

The composition of the Supervisory Board and its Committees thus corresponds to the governance requirements of the Company's business, by combining local public sector finance experts with independent professionals recognised for their professional skills in banking, finance and/or risk supervision, or their professional skills in any other field useful for the proper supervision of the Company, as determined by the Supervisory Board.

The coexistence within the Supervisory Board of skills and expertise in the banking sector, combined with a strong knowledge of local public sector issues and the workings of local

governments, is considered essential by the members of the Supervisory Board interviewed as part of the assessment of the Board.

) Training of Board members

In accordance with the training plan of the AFL Group, any new member of the AFL Supervisory Board receives training sessions on the regulatory and strategic issues faced by the AFL Group and the governance principles of the AFL Group.

) Conflicts of interest:

The Code of Ethics for the members of the Supervisory Board details all of the rights and obligations incumbent upon the members of the Supervisory Board, both collectively and individually, particularly with regard to the management of conflicts of interest and the duty to alert in the event of wrongdoing.

The ACCGC conducts an annual review of the mandates and other functions exercised by the members of the Supervisory Board outside the AFL Group, in order to prevent the occurrence of conflicts of interest.

In the event that potential conflicts of interest arise, the member of the Board or Committee concerned takes all necessary measures to address the conflict of interest, and particularly abstains from participating in discussions and decision on the matter concerned, in conformance with the Conflicts of Interest Policy adopted by the Supervisory Board of the Company and the Board of Directors of the AFL-ST.

During the 2025 financial year, no member of the Supervisory Board identified a conflict of interest with the performance of his or her duties within the AFL, with this acknowledged by the Company's ACCGC on 17 March 2026.

3.1.4. Independence of the members of the Supervisory Board

In accordance with Article 15.1.4 of the Company's Articles of Association, a majority of the members of the Supervisory Board must be independent.

This independence of the members of the AFL Supervisory Board is guaranteed by the combined application of the independence criteria stipulated respectively in the AFEP-MEDEF Code (Article 10.5)⁵, and the Internal Regulations of the AFL Supervisory Board.

Under the terms of Article 2.4 (e) of the Supervisory Board's Internal Regulations, members representing the AFL-ST or who derive from local governments that are shareholders in the AFL-ST do not qualify as independent, given their involvement in the governance of the parent company and the capital links between the local governments from which they derive and the AFL Group.

The AFL Group specifically excludes from the definition of independent members (in addition to the criteria stipulated by the AFEP-MEDEF code) any elected representative or employee of a local governments that is a shareholder in the AFL Group, regardless of the percentage of the share capital held (Article 2.4 (e) of the Supervisory Board's internal regulations).

In addition, pursuant to the Internal Regulations of the Supervisory Board and the AFEP-MEDEF Code, after 12 years on the Board, the status of independent director is lost, with the loss of the

⁵ See Appendix of this Report.

status of independent member occurring on expiry of the term of office during which this twelve-year period is exceeded.

The following table summarises the independence criteria for Supervisory Board members.

By way of application of the provisions of Article 10.4 of the AFEP-MEDEF Code, the ACCGC discussed the independent director status of each member of the Board as part of its annual assessment of the functioning of the Supervisory Board.

At December 31, 2025, and according to the findings of the ACCGC, the Supervisory Board comprises 8 independent members out of 11, i.e. 73%.

Criteria ⁶	Criterion 1 – AFEP-MEDEF Code Employee, corporate officer/Executive officer/director of the company or its parent company or the consolidated company during the five years preceding their appointment	Criterion 2 – AFEP-MEDEF Code Cross-directors hips	Criterion 3 – AFEP-MEDEF Code Significant business relationships	Criterion 4 – Family ties	Criterion 5 – AFEP-MEDEF Code Statutory Auditors	Criterion 6 – AFEP-MEDEF Code Term of office exceeding 12 years	Criterion 7 – AFEP-MEDEF Code Non-executive director status	Criterion 8 – AFEP-MEDEF Code Status of major shareholder	Criterion specific to the AFL Group: Elected official or employee of a local governments which is a shareholder of the AFL Group ⁷
Sacha Briand Non-independent	X ⁸	X See the previous column	✓	✓	✓	✓	✓	X ⁹	X
Marie Ducamin Non-independent	X ¹⁰	X See the previous column	✓	✓	✓	✓	✓	X ¹¹	X
Olivier Landel Non-independent	X ¹²	X See the previous column	✓	✓	✓	✓	✓	✓	✓
Bertrand de Mazières Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Olivier Labe Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sophie L'Hélias Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marie Lemarié Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sophie Souliac Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Julien Denormandie Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estelle Grelier Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lydie Assouline Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓

3.1.5. Balanced composition of the Board and Committees and objectives pursued

Gender balance, and diversity in general, forms an important part of the values of the Agence France Locale Group.

Agence France Locale has set targets to ensure a balance between men and women on its Supervisory Board, voluntarily applying the rules for having 40% representation of women on the Supervisory Board in Article L.225-69-1, 1 of the French Commercial Code and in Article 8 of the AFEP-MEDEF Code (even though the Company does not fall within the field of application of these texts). Thus, the Board's internal regulations affirm the objective of gender equality on the Board¹³.

At the close of the 2025 financial year, the gender balance objective was met on the Supervisory Board, which is comprised of 6 women and 5 men.

⁶ ✓ represents a criterion of independence met and X a criterion of independence not met

⁷ Article 2.4(e) of the Supervisory Board's internal regulations

⁸ Mr Briand also holds the position of Deputy Chairman of the Board of Directors of AFL-ST

⁹(i) Deputy Chairman of the Toulouse Metropolitan Area, (ii) Deputy Mayor of the city of Toulouse, (iii) Regional Councillor for the Occitanie Region, and (iv) Member of the Trade Union Committee of SM Tisséo Collectivity, shareholders in AFL-ST

¹⁰ Mrs Ducamin also holds the position of Chairwoman of the Board of Directors of AFL-ST

¹¹ Deputy Chairwoman responsible for finance for the Metropolitan Council of Rennes

¹² Mr. Landel will serve as Chief Executive Officer of AFL-ST until 31 December 2025

¹³ Article 2.6 of the Board's internal regulations

The gender balance objective has also been achieved within the Board's specialist committees.

In addition, the Board's internal regulations affirm the gender equality objective within the Management Board. At 31 December 2025, the mixed gender objective was met on the Management Board, with two women and three men.

3.1.6. Conditions for preparing and organising the Board's work

) Overview of the duties of the Supervisory Board:

The Supervisory Board defines the major strategic orientations and exercises permanent control over the management of the Company by the Management Board. At any time of the year, it carries out the checks and controls that it considers appropriate and may be given such documents that it regards as necessary for the accomplishment of its duties. The operation of the Supervisory Board is governed by the Company's Articles of Association and by its Internal Regulations.

The Supervisory Board's Internal Regulations affirm the Supervisory Board's role in CSR strategy, in line with the recommendations of the AFEP MEDEF Code. In accordance with its provisions, the Supervisory Board, acting on a proposal from the Management Board, determines multi-year strategic guidelines in terms of social and environmental responsibility. The Management Board presents the procedures for implementing this strategy to the Supervisory Board, including an action plan and the time frames within which these actions will be carried out. The Management Board reports annually to the Supervisory Board on the results achieved. Each year, the Supervisory Board examines the results obtained and the appropriateness, if any, of adapting the action plan or modifying the objectives, particularly in the light of changes in the company's strategy, technologies, shareholder expectations and the economic capacity to implement them. The CSR strategy, as well as the main actions undertaken to this end are presented to the Ordinary General Meeting at least every three years or in the event of a significant change in strategy.

The following decisions may only be taken by the Management Board with the prior authorisation of the Supervisory Board (Article 15.8 of the Articles of Association):

- transfers of property assets, total or partial transfers of shareholdings and establishment of security interests;
- decisions relating to the Company's major strategic, economic, financial or technological policies and the definition of its annual financing policy;
- the strategic plan and the decisions relating notably to the launch of new activities, acquisitions of companies, entry into any alliance or partnership, transfers of assets (including universal transfers of assets) of a significant amount and, more generally, any significant investment or disinvestment;
- decisions relating to the granting of options to subscribe for or purchase shares or equivalent securities to company officers and/or executives, as well as the allocation of free shares;
- decisions relating to financing that may substantially alter the financial structure of the Company, which were not considered when the annual financing policy was defined;
- the draft resolutions to be submitted to the General Meeting of Shareholders pursuant to Article L.228-92 of the French Commercial Code, relating to issuance of securities, whether or not these grant access to share capital and/or voting rights, and the establishment of terms and conditions for the issuance of the said securities; and
- the proposed dividend distributions and similar transactions.

) Organisation of meetings:

The procedures for organising meetings of the Supervisory Board and its specialised committees are determined by the Articles of Association and the internal regulations of the Supervisory Board.

The Supervisory Board meets at least once a quarter. It deliberates on the agenda covering all matters that must be submitted to it pursuant to the law, regulations and the Articles of Association.

Depending on the issues included on the agenda, the Chairperson of the Supervisory Board may decide, on a proposal from a member of the Supervisory Board, to invite any person he or she considers useful, whether or not the said person is an employee of the Company, to present information or contribute to the preparatory discussions for the deliberations. The Statutory Auditors are invited to all meetings of the Supervisory Board during which the annual or half-year financial statements are reviewed.

Supervisory Board meetings are called by the Chairman of the Supervisory Board or, if he is unable to attend, by the Deputy Chairman. Meetings of the Supervisory Board may be called by any means. The notice period for calling a meeting is seven calendar days¹⁴, which may be shortened in event of a duly justified emergency. The Supervisory Board may validly deliberate even in the absence of a convening meeting if all its members are present¹⁵.

With the same notice period, except in the case of emergency, the members of the Supervisory Board shall receive the meeting agenda, as well as the items necessary for their consideration, so they can make an informed decision on the issues entered on the agenda. Documents are transmitted in encrypted mode via a highly secure dedicated digital space.

Members of the Supervisory Board may attend Supervisory Board meetings via video conference.

Each Supervisory Board member may arrange for notification of any documents that he/she considers useful or necessary for the performance of his/her duties. The obligation to obtain documents is matched by the right to obtain the information requested.

All participants in meetings of the Supervisory Board are bound by an obligation of confidentiality and discretion regarding the information exchanged at these meetings.

The members of the Board may also be consulted in writing on decisions falling within its competence¹⁶, with the exception of the approval of the corporate and consolidated financial statements and the preparation of management reports, which must be taken at meetings of the Board.

) Summary of the Board's activities during the past financial year:

Other than the matters and decision related to legal requirements, particularly regarding examining the annual and half-yearly financial statements, the Supervisory Board discussed all major transactions conducted in 2025.

The Supervisory Board met four times in 2025 and notably approved the following items:

) Strategy:

- strategy for growth, membership development and communication;

¹⁴ Statutory period reduced from 8 to 7 days by decision of the GM of 6 May 2025

¹⁵ As from 6 May 2024, representation at meetings of the Supervisory Board and its Committees is no longer permitted

¹⁶ In accordance with the provisions introduced by the law of 13 June 2024, known as the "Attractiveness Law", the GM of 6 May 2025 amended the Company's articles of association to allow the written consultation of the Supervisory Board.

- CSR strategy, including monitoring the implementation of the CSR-ESG roadmap, including the ESG risk map/risk mapping and the local government climate vulnerability index;
- financial strategy, particularly:
 - o examination of the measures to be taken following the downgrade in the rating of France;
 - o strategy for issuances in foreign currency;
- IT Strategy;
-) Budget and financial and commercial outlook:
 - examination of the outlook for the previous financial year, validation of the provisional budget for the coming financial year;
 - opinion on the draft annual review of the *k* factor to be submitted to the AFL-ST Board of Directors;
 - approval of the 2025-2031 business plan;
 - review of capital levels and ratios, P2R and P2G requirements, and strengthening measures;
-) approval of financial policies:
 - liquidity policy;
 - interest rate and foreign exchange risk hedging policy;
 - policy on investment (including responsible investment) and management of credit risk from market activities;
 - lending policy;
 - credit rating policy;
 - review of planned changes to the Company's management rules, which include financial strategy and risk appetite;
-) debt issuance programmes:
 - approval of the borrowing program and the issuance ceiling for the coming financial year;
-) Review of compensation policies:
 - amount of fixed and variable compensation granted to members of the Management Board for the prior financial year;
 - compensation packages for the prior financial year allocated to employees, specifically those classed as "*risk-takers*";
 - compensation policy for the financial year, including the professional and equal pay policy;
 - establishment of quantitative and/or qualitative annual targets for the determination of variable compensation for the financial year;
 - gender equality policy;

- breakdown of the total amount of compensation allocated by the GM to the members of the Supervisory Board for the prior financial year and opinion on the principle of compensation allocation for the current financial year;
-) review and follow-up of the observations issued by the Court of Auditors in its report of 21 January 2025 on the AFL Group and the 2018 - 2023 financial years;
-) Review of regulated agreements:
 - annual review of previously concluded regulated agreements, which continued to be executed during the current financial year;
-) Review of internal control and risk monitoring:
 - work and outcomes of internal control and risk monitoring;
 - mapping of global risks;
 - price of products and services cited in Article L.511-94 of the French Monetary and Financial Code;
 - policy on outsourcing, including review of steps taken to control outsourced activities;
 - procedure for significant incidents;
 - liquidity position;
 - Annual Report on Internal Control (ARIC);
 - Annual Report on Internal Control for AML-CFT;
 - approval of the Internal Capital Adequacy Assessment Process (ICAAP);
 - review of the Emergency Liquidity Restoration Plan (ELRP);
 - Contingency and Business Continuity Plan (CBCP);
-) ICT & ISS
 - approval of the ICT strategy and review of the implementation of an effective risk management framework for ICT and security risks;
 - review of IS and ISS security policy;
 - review of data architecture and data governance;
-) Periodic control activities:
 - half-yearly reports (including recommendations, implementation of remedial measures, and follow-up of their implementation);
 - approval of the periodic audit plan for the next financial year;
-) Governance:
 - work on the composition of the Supervisory Board, preparing for re-appointment of the Supervisory Board in May 2025;

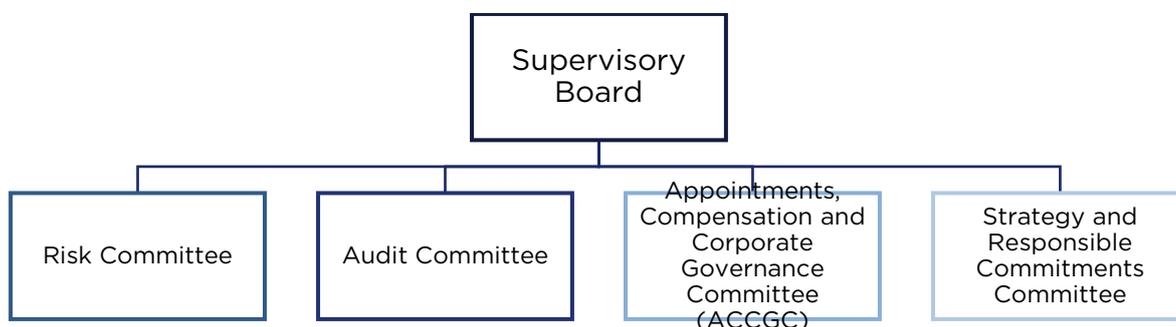
- work on the composition and succession of the Board, in preparation for its re-appointment in May 2026;
- evaluation of the collective operation of the Supervisory Board and its committees, as well as the experience and skills of individual Supervisory Board members, and assessment of the absence of conflicts of interest; annual review of the conflict of interest management policy;
- review of gender representation on the Company's Supervisory Board;
- review of the diversity policy within the governing bodies;
- amendment of the Supervisory's Board's Internal Regulations and the Company's Articles of Association;
- approval of the Corporate Governance Report.

In accordance with the applicable regulations and the provisions of the Internal Regulations of the Supervisory Board, the members of the Supervisory Board have been duly informed of the work and recommendations of the specialised committees and of the Statutory Auditors.

The minutes of the meetings of the Supervisory Board were validated at the following meeting. This validation confirmed the faithful transcription of the contents of the minutes.

3.2. The specialised committees of the Supervisory Board

The Supervisory Board is supported in its work by four specialised committees:



The role of the Committees is to provide in-depth analysis and reflection prior to the Supervisory Board's deliberations and to contribute to the preparation of the Supervisory Board's decisions. They have no decision-making power, and their opinions, proposals or recommendations are in no way binding on the Supervisory Board in its final decision-making.

The Internal Regulations of the Supervisory Board define precisely how the Committees operate and their duties. In order to carry out their duties, each committee has at its disposal all the resources made available to it by virtue of the Internal Regulations of the Supervisory Board.

3.2.1. Risk Committee

a) Composition of the Risk Committee

At 31 December 2025, the Risk Committee had four members: Mrs Lydie Assouline, Mrs Marie Lemarié, Mr Olivier Landel, and its Chairwoman Mrs Sophie Souliac.

b) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The Risk Committee has the duty of verifying the effectiveness of internal control and risk management procedures:

- providing its advice and assistance to the Supervisory Board with regard to monitoring the risk strategy, risk appetite, and management of equity capital and liquidity;
- supervising the adequacy of all financial products and services proposed by the AFL, with AFL's business model and risk strategy;
- evaluating the recommendations from internal or external auditors and monitoring appropriate implementation of the adopted measures.

The Risk Committee reports regularly to the Supervisory Board on the performance of its duties and informs it immediately of any difficulties encountered. These reports shall be inserted either in the minutes of the relevant meetings of the Supervisory Board, or as an annex to the minutes.

The Risk Committee meets at least twice a year, and as often as the Company's interests require.

- Summary of the work of the Risk Committee during the past financial year

During the 2025 financial year, the Risk Committee met four times (including three meetings partially jointly with the Audit Committee). Its work addressed all the points falling within its remit before submission to the Supervisory Board.

3.2.2. Audit Committee

a) Composition of the Audit Committee

At 31 December 2024, the Audit Committee had four members: Mr Olivier Labe, Mr Olivier Landel, Mr Bertrand de Mazières, and its Chairwoman Mrs Marie Lemarié.

c) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The principal duty of the Audit Committee is:

- (i) to audit the process for preparing and disseminating accounting and financial information;
- (ii) to evaluate the relevance and continuity of accounting principles and methods adopted for the preparation of individual and consolidated annual and half-yearly financial statements;
- (iii) to ensure by any means the quality of the financial and accounting information provided to the Supervisory Board;
- (iv) to give the committee its assessment of the work performed by the Statutory Auditors and its opinion on the renewal of their mandate.

The Audit Committee reports regularly to the Supervisory Board on the performance of its duties and informs it immediately of any difficulties encountered. These reports shall be inserted either in the minutes of the relevant meetings of the Supervisory Board, or as an annex to the minutes.

The Audit Committee meets at least twice a year to review the annual and half-year financial statements, and as often as the Company's interests require.

- Summary of the Audit Committee's activities during the past financial year

During the 2025 financial year, the Audit Committee met four times (including three meetings partially jointly with the Risk Committee). Its work addressed all the points falling within its remit before submission to the Supervisory Board.

3.2.3. The Appointments, Compensation and Corporate Governance Committee (ACCGC)

a) Composition

At 31 December 2025, the ACCGC had four members: Mr Olivier Landel, Mrs Sophie Souliac, Mrs Estelle Grelier and its Chairwoman, Mrs Sophie L'Hélias.

b) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The ACCGC's primary duties are:

- (i) to examine any candidatures for the position of Supervisory Board member and the composition of the Board and its committees;
- (ii) to make recommendations on the appointment or succession of executive directors;
- (iii) to ensure compliance with the rules of governance and the proper functioning of the corporate bodies, in particular, by conducting an annual review of the functioning of the Supervisory Board and its Committees, and proposing any areas for improvement;
- (iv) to assess the collective competence and ensure the experience and individual skills of the members of the Supervisory Board, guaranteeing the collective functioning of the Board, and to discuss annually the qualification of "independent" member; and
- (v) to examine annually the Company's compensation policy, and formulate an opinion, notably on the compensation and performance objectives allocated to Board directors and risk-takers.

- Summary of the Committee's activities during the past financial year

In 2025, the ACCGC met five times. Its work notably related to all of the points falling within its competence before submission to the Supervisory Board.

In particular, during the financial year 2025, the ACCGC:

- continued the preparation of the Board succession plan in light of its re-appointment that took place in May 2025;
- prepared for the re-appointment of the Management Board, to take place in May 2026;
- worked on the succession of the Chief Executive Officer of the AFL-ST, with regard to his mandates on the AFL Supervisory Board and Committees;

3.2.4. Strategy and Responsible Commitments Committee

a) Composition

At December 31, 2025, the Strategy and Responsible Commitments Committee had three members, Mr Olivier Landel, Mr Julien Denormandie and its Chairman, Mr Olivier Labe.

b) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The Strategy and Responsible Commitments Committee examines and monitors the implementation of the Company's strategic plan, as well as its strategic projects and operations. As such, it expresses its opinion on:

- major strategic orientations;
- development and communication policy;
- the major financing and refinancing projects or programmes envisaged;
- multi-year CSR guidelines. In this capacity, it prepares the Supervisory Board's decisions on CSR strategy. In particular:
 - o It gives its opinion on the procedures for implementing the social and environmental responsibility strategy, the action plans and the time frames within which these actions will be carried out;
 - o Each year, it examines the results obtained and makes recommendations on whether it would be appropriate to adapt the action plan or modify the objectives, particularly in the light of changes in the company's strategy, technologies, shareholder expectations and the economic capacity to implement them.

The Strategy and Responsible Commitments Committee also studies and examines draft strategic agreements and partnerships and, more generally, any significant project; the assessment of whether a project is significant is the responsibility of the Strategy Committee Chairman, notably based on the amount of commitments associated with the project.)

In general, the Strategy and Responsible Commitments Committee gives its opinion on any strategic issue referred to it by the Supervisory Board.

The Strategy and Responsible Commitments Committee meets as often as its members consider necessary, and at least before each quarterly Supervisory Board meeting.

- Summary of the Committee's activities during the past financial year

During the 2025 financial year, the Strategy Committee met four times. Its work notably related to all of the points falling within its competence before submission to the Supervisory Board.

The Strategy and Responsible Commitments Committee examines on a recurring basis certain major themes for defining the AFL Group's strategy, including:

- changes in the regulatory and competitive environment;
- changes in the situation of French local governments with regard to loans and AFL's market share;
- the growth strategy: development of memberships, marketing and communication;
- the CSR strategy.

The Strategy and Responsible Commitments Committee also focuses its discussions on themes that it identifies as representative of the major strategic issues for the AFL Group, such as, for the past financial year:

- review of management rules and risk appetite;
- the study of the impacts of the deterioration of public finances and the downgrade in France's rating on the AFL.

3.2.5. Attendance of members at meetings of the Supervisory Board and specialised committees: attendance at meetings of members of the Supervisory Board and its specialised committees during the 2024 financial year

All Supervisory Board and Committee meetings met the quorum and majority conditions required by the Articles of Association at the first calling. The attendance rate remained high during the 2025

financial year, testifying to the commitment of Supervisory Board members. The following table presents attendance of the members of the Board and Specialised Committees at meetings, based on the attendance sheets signed at the start of the meeting (other than non-voting members).

Attendance in 2024	Supervisory Board		Audit committee		Risk Committee		ACCGC		Strategy Committee and responsible commitments			Individual attendance rate
	No. of meetings	Actual attendance	No. of meetings	Actual attendance	No. of meetings	Actual attendance	No. of meetings	Actual attendance	No. of meetings	Actual attendance		
S. Briand	5	5	-	-	-	-	-	-	-	-	-	100%
M. Ducamin	5	5	-	-	-	-	-	-	-	-	-	100%
O. Landel	5	5	4	4	4	4	5	5	4	4	100%	
L. Andersson*	1	1	-	-	-	-	-	-	1	1	100%	
V. Aubry-Berrurier*	1	1	1	0	1	0	-	-	-	-	33%	
F. Drouin*	1	1	1	1	1	1	-	-	-	-	100%	
N. Fourt*	1	1	-	-	-	-	-	-	1	1	100%	
S. L'Hélias	5	5	-	-	-	-	5	5	-	-	100%	
S. Souliac	5	5	-	-	3	3	5	5	-	-	100%	
E. Greller	5	5	-	-	-	-	5	3	-	-	80%	
M. Lemarlé	5	5	4	4	3	3	-	-	-	-	100%	
J. Denormandie	5	4	-	-	-	-	-	-	4	4	90%	
O. Labe**	4	4	3	3	-	-	-	-	3	3	100%	
L. Assouline**	4	4	-	-	3	3	-	-	-	-	100%	
B. de Mazières**	4	4	3	2	-	-	-	-	-	-	85%	
Average attendance rate	99%		78%		83%		90%		100%			

* Director whose term of office ended at the end of the General Meeting of 6 May 2025

** Director appointed by the General Meeting of 6 May 2025

***Director appointed by the General Meeting of 23 December 2025 who did not have to attend meetings in 2025

3.3. The Management Board

a) Composition

Members of the Management Board are appointed by the Supervisory Board on recommendation of the Company's ACCGC.

In accordance with the rules of the AFL Group on capital structure, no member of the Management Board holds shares in AFL.

Composition of the Management Board at 31 December 2025:

Yves Millardet

Chairman of the Management Board

Born on 24 August 1964

Nationality: French

1st appointment:
Supervisory Board
meeting of 17 December
2013

Reappointment:
Supervisory Board
meeting of 26 March
2020

Expiry of term of office:
GM 2026

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

-) Since 5 June 2014: Deputy Managing Director of AFL-ST
-) Since 6 June 2024, Permanent representative of Agence France Locale, sole shareholder of SASU Agence France Locale – Foncière

Offices and positions held outside the Group

Offices currently held

-) Since June 2024: Member of the Board of Directors of the EAPB
-) Since 2021:
 - Manager of SCI 3 plage
 - Manager of SCI 13 Koz-Ker
-) Since 2020: Permanent representative of the AFL, member of the Bureau of the Board of Directors of the OCBF, mission delegated to Ariane Chazel.

Mandates expiring during the last five years

-) None

Other areas of expertise and experience

-) 2022: Approval of the 4 training modules on information systems security (ISS) designed by the ANSSI training centre (CFSSI) – MOOC SecNumacadémie
-) 2007-2013: Senior Banker, Natixis
-) 2001-2007: Senior Banker, ABN AMRO
-) 1996-2001: Originator, Caisse des Dépôts et Consignations
-) 1993-1996: Consultant, FCL Group
-) 1989-1992: Consultant, Cailliau Dedouit & Associés

Laurence Leydier

Member of the Management Board

Born on 13 May 1974

Nationality: French

1st appointment:
Supervisory Board meeting of
28 September 2022

Expiry of term of office: GM
2026

Business address: 112, rue
Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- › Since October 2022: Director of Membership and Credit at AFL
- › 2021-October 2022: Deputy Director of Membership and Credit at AFL
- › 2014-2021: Head of community relations in AFL's Membership and Credit Department

Offices and positions held outside the Group

- | Offices currently held | Mandates expiring during the last five years |
|------------------------|--|
| › None | › None |

Other areas of expertise and experience

- › 2011-2014:
› Head of the South-East Region Trading Room, Crédit Agricole CIB
- › Sponsor of Regional Authorities - CACIB relationship, Crédit Agricole CIB
- › 2004-2011: Trader, interest rate and currency derivatives, Crédit Agricole CIB
- › 1997- 2004: Trader, SGCIB

Thiébaut Julin

Member of the Management Board

Born on 16 September 1961

Nationality: French

1st appointment:
Supervisory Board meeting of 25 March 2014

Reappointment:
Supervisory Board meeting of 26 March 2020

Expiry of term of office:
GM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- › Chief Executive Officer and Chief Financial Officer of AFL
- › Since 5 June 2024, CEO of the Agence France Locale - Foncière

Offices and positions held outside the Group

Offices currently held

- › None

Mandates expiring during the last five years

- › None

Other areas of expertise and experience

- › 2005-2014: Senior Banker, Natixis
- › 1988-2005: Head of Resources, African Development Bank
- › 1992-1997: Manager, Daiwa

Ariane Chazel

Member of the Management Board

Born on 16 March 1970

Nationality: French

1st appointment:
Supervisory Board
meeting of 5 June 2014

Reappointment:
Supervisory Board
meeting of 26 March
2020

Expiry of term of office:
GM 2026

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

- › Director of Commitments and Risks, Climate and Sustainable Finance at AFL

Offices and positions held outside the Group

Offices currently held

- › Since June 2024: Member of the Board of Directors of the Maison des Polytechniciens
- › Since June 2023: General Secretary of the École Polytechnique Alumni Association
- › Since July 2022: Member of the Board of Directors of the X Alumni association
- › Since 2020: Alternate permanent representative of AFL, member of the Bureau of the Board of Directors of the OCBF
- › Since 2000: Member of the Board of Directors of the X-Finance association

Mandates expiring during the last five years

- › December 2022-May 2024: Treasurer of the OCBF
- › 2019-2021: Chairwoman of the Board of Directors of the X-Finance association

Other areas of expertise and experience

- › 2022: Approval of the 4 training modules on information systems security (ISS) designed by the ANSSI training centre (CFSSI) - MOOC SecNumacadémie
- › 2013-2014: Director of Rare Resources Development, BGC, Natixis
- › 2009-2013: BGC strategy, Natixis
- › 2002-2009: Fund structuring, Natixis
- › 1997-2001: Financial engineering, La Poste Group

Olivier Roullé

Member of the Management Board

Born on 27 May 1965

Nationality: French

1st appointment:
Supervisory Board
meeting of 27 March
2024

Expiry of term of office:
GM 2026

Business address: 112,
rue Garibaldi, 69006
Lyon

Offices and positions held within the Group since its incorporation

- › Chief Executive Officer
 - Director of Information Systems
 - Director of Human Resources

Offices and positions held outside the Group

Offices currently held

- › Since 2023: Member of the Board of Directors of the Club utilisateurs SAB

Mandates expiring during the last five years

- › None

Other areas of expertise and experience

- › 1998-2013: Director of Information Systems Studies and Developments, France AgriMer
- › 1988-1998: Information Systems Project Manager, T-SYSTEM & SOLERI CIGEL

b) Powers of the Management Board

The members of the Management Board collectively manage the Company.

The Management Board is vested with the most extensive powers to act under all circumstances on the Company's behalf, within the limit of the company purpose and subject to the powers expressly allocated by law and by the Company's Articles of Association to the Supervisory Board and to the General Meeting of Shareholders.

The Management Board meets *at least* once a month, and, in any event, as many times as the interests of the Company require.

The Supervisory Board's and the Management Board's Internal Regulations, as approved by the Supervisory Board, define and govern the powers, authorities and duties of the Management Board and its members, and its interactions with the Supervisory Board.

4. COMPENSATION

Items of compensation and the criteria used to determine them are approved by the Supervisory Board on recommendation of the ACCGC, pursuant to the law.

4.1. Members of the Supervisory Board and its specialised committees

4.1.1. Principles and terms of payment of remuneration

• Members of the Supervisory Board

In accordance with the applicable laws, members of the Supervisory Board may receive compensation for their corporate duties. Total annual compensation is set by the General Meeting of Shareholders. It is the responsibility of the Supervisory Board, based on the opinion of the ACCGC, to allocate this total compensation among the members by applying the rules applicable to the duties and compensation of the members of the Supervisory Board defined in Article 13 of the Supervisory Board's Internal Regulations.

The AFL General Shareholders' Meeting of 6 May 2025 set the maximum total annual amount of remuneration to be distributed among the members of the Supervisory Board at €280,000 (two hundred and eighty thousand euros) for the financial year 2025 and for subsequent financial years.

In order to take account of the specific nature of their functions within the Supervisory Board, the following members of the Board receive different compensation:

- › the Chairman of the Supervisory Board;
- › the Chairpersons of the Specialised Committees of the Supervisory Board;
- › the members of the Board who are also members of a Specialised Committee.

In order to encourage active participation of the members in the meetings of the Supervisory Board and its Committees, with a view to good governance, the General Meeting of Shareholders of AFL on 6 May 2024 amended the Company's Articles of Association to remove the option that had been offered to members of the Board and/or its Committees until that time of being represented by another director at the meetings.

Mr Sacha Briand and Mrs Marie Ducamin do not receive any remuneration for the performance of their duties on the AFL Supervisory Board.

Mr Olivier Landel, who receives remuneration from AFL-ST in his capacity as Chief Executive Officer, does not receive any remuneration for his duties on the Company's Supervisory Board for the 2025 financial year.

The determination of the allocation of the total annual amount of the compensation allocated to members of the Supervisory Board is set in accordance with the following procedures (amounts set by the Supervisory Board on 26 March 2025 and incorporated into the internal regulations of the Supervisory Board):

- (i) For the Chairperson of the Supervisory Board:
 - A fixed component of €11,000 a year, except in the event of excessive absenteeism, to which is added;
 - A variable component capped at €22,500 a year (attributed based on attendance).

In 2025, as in previous years, Mr Sacha Briand received no compensation for his office as Chairman of the Supervisory Board.

The following compensation is calculated pro rata to the duration of the term of office for the 2025 financial year:

- (ii) For the Chairmen of each specialised committee:
- A fixed component of €5,500 a year, except in the event of excessive absenteeism, to which is added
 - A variable component capped at €22,500 a year (attributed based on attendance).
- (iii) For the members of the Supervisory Board and the members of the specialised committees:
- A fixed component of €5,500, except in the event of excessive absenteeism, to which is added
 - A variable component capped at €11,000 a year, except in the event of excessive absenteeism, to which is added;
 - An additional maximum of €5,500 a year for the members of the specialised committees, as a function of their actual participation.

It should be noted that the Company did not grant any retirement commitments or other life annuity benefits to the members of the Supervisory Board ex officio and did not conclude any agreement providing compensation for Supervisory Board members as a result of the end of their terms of office within the Supervisory Board, for whatever reason.

) Non-voting directors

Pursuant to Article 16.12.3 of the Articles of Association, each non-voting director may receive remuneration, the amount of which is set by the Supervisory Board, by way of his or her effective participation in meetings of the Board and its committees during the past financial year.

The amount set by the Supervisory Board at its meeting of 26 March 2024, and incorporated into article 14.2 of the Supervisory Board's internal regulations, is a gross lump sum of €1,200 per Board or committee meeting in which he or she has actually participated. This lump sum may be revised by a decision of the Supervisory Board.

4.1.2. Amount of compensation allocated

In accordance with the provisions of Article L.225-83 of the French Commercial Code, the Supervisory Board approved on 26 March 2025, the following compensation allocated to the members of the Supervisory Board, within the limit of the total amount of €280,000 approved by the General Meeting of Shareholders of 6 May 2025.

Members of the Supervisory Board and Non-voting members	Amount (€)			
	2025 fixed (in €)	2025 variable (in €)	2025 Total (in €)	2024 Total - paid in 2025 (in €)
S. Briand - Chairman of the Supervisory Board	-	-	-	-
M. Ducamin - Vice Chairwoman of the Supervisory Board	-	-	-	-
L. Andersson - Chairman of the Strategy and Responsible Commitments Committee (pro-rata until 6 May 2025)	1,100 (5,500 x 1/5)	4,500 (22,500 x 1/5)	5,600	28,000

V. Aubry - Member of the Audit Committee and the Risk Committee (pro-rata until 6 May 2025)	1,100 (5,500 x 1/5)	2,200 (11,000 x 1/5)	3,300	27,500
F. Drouin - Chairman of the Audit Committee and member of the Risk Committee (pro-rated until 6 May 2025)	1,100 (5,500 x 1/5)	4,500 (22,500 x 1/5) + 1,375 (5,500 x 1/4)	6,975	32,125
N. Fourt - Member of the Strategy and Responsible Commitments Committee (pro-rata until 6 May 2025)	1,100 (5,500 x 1/5)	2,200 (22,500 x 1/5) + 1,375 (5,500 x 1/4)	4,675	22,000
O. Labe - Chairman of the Strategy and Responsible Commitments Committee and member of the Audit Committee (as from 6 May 2025) ¹⁷	As a non-voting member: 2400 As a member of the Board: 4,400 (5,500 x 4/5)	16,875 (22,500 x 3/4) + 4,125 (5,500 x 3/4)	27,800	4,800
O. Landel - Member of the Audit Committee, Risk Committee, ACCGC and Strategy and Responsible Commitments Committee	-	-	-	-
S. L'Hélias- Chairwoman of the ACCGC	5,500	22,500	28,000	28,000
Estelle Grelier - Member of the ACCGC	5,500	11,000 + 3,300 (5,500 x 3/5)	19,800	16,500
M. Lemarié - Chair of the Audit Committee (as from 6 May 2026) and member of the Risk Committee	5,500	2,200 (11,000 x 1/5) + 13,500 (22,500 x 3/5) + 4,125 (5,500 x 3/4)	25,325	22,000
J. Denormandie - Member of the Strategy and Responsible Commitments Committee	5,500	16,500 (11,000 + 5,500)	22 000	22,000
S. Souliac - Chairwoman of Risk Committee and member of the ACCGC	5,500	28 000 (22,500 + 5 500)	33,500	27,875
L. Assouline - Member of the Risk Committee (as from 6 May 2025) ¹⁸	As a non-voting member: 2,400 As a member of the Board: 4,400 (5,500 x 4/5)	8,800 (11,000 x 4/5) + 4,125 (5,500 x 3/4)	19,725	8,400
B. de Mazières Member of the Audit Committee (pro-rata since 6 May 2025)	4,400 (5,500 x 4/5)	8,800 (11,000 x 4/5) + 4,125 (5,500 x 3/4)	17,325	N/A
Total	49,900	169,625	219,525	239,200

¹⁷ O. Labe was a non-voting member of the Supervisory Board until 6 May 2025

¹⁸ L. Assouline was a non-voting member of the Supervisory Board until 6 May 2025

4.2. Management Board

Summary table – Procedures for exercising the functions of member of the Management Board and components of compensation (as at 31 December 2025)

<p>Yves Millardet, Chairman of the Management Board</p> <p>Start of term of office: 6 January 2014</p> <p>End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year</p>		
Employment Contract	No	Yves Millardet performs his duties under a corporate directorship, the terms of which have been approved by the ACCGC and the Company's Supervisory Board, after consultation with the Audit Committee, and submitted to the annual vote of the GM, the directorship contract being subject to the regulated agreements procedure.
Supplementary pension scheme	Yes	Yves Millardet's retirement plan is modelled on the plan applicable to the Company's employees (see discussion below).
Compensation or benefits that are or may be due as a result of termination or change of duties	No	Yves Millardet's corporate directorship does not provide for such compensation.
Compensation relating to a non-competition clause	Yes	Yves Millardet's company mandate includes a non-competition clause applicable for a period of 12 months from the effective termination of his term of office (see discussion below).

Thiébaut Julin,
Member of the Management Board – Chief Financial Officer

Start of term of office: 25 March 2014

End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year

Employment contract	Yes	<p>Thiébaut Julin holds the position of Chief Financial Officer, in accordance with the terms of an employment agreement concluded with the Company.</p> <p>Thiébaut Julin serves as an unpaid member of the Management Board. Thiébaut Julin's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.</p>
Supplementary pension scheme	No	As an employee of the Company, Thiébaut Julin benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Thiébaut Julin is not subject to any non-competition clause, either by virtue of his employment agreement, or by the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.

Ariane Chazel,

Member of the Management Board-Director of Commitments and Risks, Climate and Sustainable Financing

Start of term of office: 5 June 2014

End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year

Employment contract	Yes	<p>Ariane Chazel holds the position of Director of Commitments and Risks, Climate and Sustainable Finance under the terms of an employment contract with the Company.</p> <p>Ariane Chazel serves as an unpaid member of the Management Board. Ariane Chazel's duties as a member of the Management Board are governed by the statutory rules relating to the functioning and powers of the Management Board.</p>
Supplementary pension scheme	No	<p>As an employee of the Company, Ariane Chazel benefits from the pension scheme applicable to all employees of the Company.</p>
Compensation or benefits that are or may be due as a result of termination or change of duties	No	<p>No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.</p>
Compensation relating to a non-competition clause	No	<p>Ariane Chazel is not subject to any non-competition clause, pursuant to her employment contract, the provisions of the Articles of Association applicable to the duties of a member of the Management Board or subsequent to a decision to that effect by the Supervisory Board.</p>

Laurence Leydier,
Member of the Managing Board - Membership and Credit Director

Start of term of office: 28 September 2022

End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year

Employment contract	Yes	<p>Laurence Leydier serves as Chief Financial Officer under the terms of an employment contract concluded with the Company.</p> <p>Laurence Leydier serves as an unpaid member of the Management Board. Laurence Leydier's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.</p>
Supplementary pension scheme	No	As an employee of the Company, Laurence Leydier benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Laurence Leydier is not subject to any non-competition clause, pursuant to her employment contract, the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.

Olivier Roullé

Member of the Management Board - CEO

Start of term of office: 1 April 2024

End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year

Employment contract	Yes	<p>Olivier Roullé holds the position of Chief Executive Officer, in accordance with the terms of an employment agreement concluded with the Company.</p> <p>Olivier Roullé serves as an unpaid member of the Management Board. Olivier Roullé's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.</p>
Supplementary pension scheme	No	<p>As an employee of the Company, Olivier Roullé benefits from the pension scheme applicable to all employees of the Company.</p>
Compensation or benefits that are or may be due as a result of termination or change of duties	No	<p>No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.</p>
Compensation relating to a non-competition clause	No	<p>Olivier Roullé is not subject to any non-competition clause, either by virtue of his employment agreement, or by the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.</p>

4.2.1. Principles and terms of payment of remuneration

The Supervisory Board approves, then each year checks and validates the method and amount of compensation (fixed, variable and exceptional) of each member of the Management Board, on the recommendation of the ACCGC.

With the exception of the Chairman of the Management Board, who is a corporate officer, the members of the Management Board perform their duties by virtue of employment contracts. The terms of the company mandate of Yves Millardet, Chairman of the Management Board, as approved by the Supervisory Board, are set out in a written document entitled “Company mandate agreement”, which is governed by regulated agreements. The regulated nature of these agreements requires a strict annual review by the Supervisory Board and the General Meeting of Shareholders.¹⁹

The payment of remuneration of members of the Management Board forms part of the remuneration policy for all salaried employees of the Company.

The variable compensation of each member of the Management Board is defined on the basis of collective targets and individual targets approved at the start of each financial year by the Supervisory Board on recommendation of the ACCGC, and included in the Company’s compensation policy. The ACCGC, on 17 March 2026, and the Supervisory Board, on 25 March 2026, examined the level of achievement of the Management Board’s objectives over the past financial year and consequently approved the level of their variable portion in this capacity.

The criteria for the allocation of variable remuneration to members of the Management Board for the past and current financial years are annexed to this report.

The principles of allocation and compensation of the members of the Management Board and its Chairperson are detailed below:

– **Mr Yves Millardet**

By way of his company mandate, which entered into effect from 6 January 2014, for his duties as member and Chairman of the Management Board, Mr Yves Millardet’s remuneration is determined with reference to market practices for the position of Chairman of the Management Board.

This compensation is paid on the basis of his mandate within the Company and is broken down into a fixed portion (85% of the benchmark compensation) and a variable portion, equal to at most 15% of the benchmark compensation (reviewed annually by the Supervisory Board. The benchmark amount for the 2025 financial year is €295,239. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

In the event of exceptional circumstances or significant performance during a given year, specifically in excess of defined targets, the variable portion of 15% may represent up to 25% of the fixed annual gross compensation.

The pension scheme applicable to Yves Millardet is based on the one provided for all the company’s employees (*i.e.* contribution to the Agirc/Arrco schemes calculated on the basis of gross annual compensation). As such, he does not benefit from any “top-up pension”.

The non-competition clause provided for in Yves Millardet’s corporate directorship contract since June 2015 prohibits him from exercising directly or indirectly, as a corporate officer, employee, consultant, or self-employed worker, within or with a banking institution, an activity the purpose of which is to grant bank loans to French local governments and public institutions of

¹⁹ See section 6 of this Report.

intermunicipal co-operation with their own French taxation, for a period of twelve (12) months from the date of effective termination of his duties. In return for compliance with this clause, the contract provides that he will continue, during this period, to receive financial compensation, paid on a monthly basis corresponding to his average gross monthly compensation during the last twelve months preceding the date of effective termination of his duties.

The implementation of this non-competition clause was adopted after it was found that Yves Millardet does not benefit from the protections afforded to an employee.

– **Mr Thiébaud Julin**

Mr Thiébaud Julin serves as an unpaid member of the Management Board of AFL. After approval by the ACCGC, on 25 March 2014, the Supervisory Board declared in favour of compensation for the technical duties of AFL's Chief Financial Officer, by way of an employment contract concluded with the Company.

The compensation of Thiébaud Julin is set with reference to market practices for the position of Chief Financial Officer. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mr Thiébaud Julin, as an employee of the Company, is the beneficiary of the incentive agreement implemented within AFL.

– **Mrs Ariane Chazel**

Ariane Chazel serves as an unpaid member of the Management Board. Following the approval of the ACCGC, on 5 June 2014, the Supervisory Board declared in favour of compensation for the technical functions of Risk, Compliance and Control Officer of AFL, since renamed Director of Commitments and Risks, Climate and Sustainable Financing, pursuant to an employment contract with the Company.

Mrs Ariane Chazel's compensation is determined with reference to market practices for the position of Head of Commitment and Risk. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mrs Ariane Chazel, as an employee of the Company, is the beneficiary of the incentive agreement set up within AFL.

– **Mrs Laurence Leydier**

Mrs Laurence Leydier serves as an unpaid member of the Management Board. Following the approval of the ACCGC, on 28 September 2022, the Supervisory Board approved compensation for the technical functions of Head of membership and lending at AFL, pursuant to an employment contract with the Company.

Mrs Laurence Leydier's compensation is determined with reference to market practices for the role of Head of membership and lending. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

As an employee of the Company, Mrs Laurence Leydier is the beneficiary of the incentive agreement implemented within AFL.

– **Mr Olivier Roullé**

Mr Olivier Roullé serves as an unpaid member of the Management Board. After approval by the ACCGC, on 27 March 2024, the Supervisory Board approved compensation for the technical duties of AFL's Chief Executive Officer, by way of an employment contract concluded with the Company.

The compensation of Mr Olivier Roullé is set with reference to market practices for the position of Chief Executive Officer. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mr Olivier Roullé, as an employee of the Company, is the beneficiary of the incentive agreement implemented within AFL.

4.2.2. Amount of compensation allocated

In accordance with the recommendations of the AFEP-MEDEF Code to which the Company refers, details are given below of the remuneration and benefits of all kinds paid or due to members of the Management Board with regard to the financial year ended 31 December 2025.

It should be noted that:

- the Company has not granted any retirement commitments or other life annuity benefits to the members of the Management Board;
- the Company has not granted any stock options or performance shares to members of the Management Board for the financial year ended 31 December 2025;
- the Company pays for specific insurance for the Chairman of the Management Board, in the absence of unemployment insurance, corresponding to a benefit in kind, the amount of which is entered in the following table, which itemises compensation amounts;
- the Company has subscribed to a 36-month car lease contract for the Chairman of the Management Board since July 2023;
- the Company has subscribed to a 48-month car lease contract for the Chief Executive Officer since June 2023;
- The Company has implemented an incentive scheme for which Thiébaud Julin, Ariane Chazel, Laurence Leydier and Olivier Roullé are eligible in their capacity as employees, and from which the Chairman of the Management Board, a corporate officer, is excluded (the Chairman of the Management Board receives a compensatory bonus incentive);

Summary table of compensation per executive director²⁰

Yves Millardet Chairman of the Management Board ²¹	Financial year ended 31/12/2024		Financial year ended 31/12/2025	
	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	289,450	275,667	295,239	295,239
Annual variable compensation	44,500	43,000	[48,800]	44,500
Incentive compensation bonus	40,233	22,060.97	[35,068]	31,155.58
Payments in kind	12,579.72 ²⁰	12,579.72 ²³	12,842.40 ²⁰	12,842.40 ²⁰
	5,502.68 ²²	5,502.68 ²⁴	7,395.27 ²¹	7,395.27 ²¹
TOTAL	392,265.40	372,593.40	[399,344.67]	391,132.25

²⁰ The amount of the incentive will be definitively calculated on the basis of the audited financial statements for the year ended 31 December 2024

²¹ Mr Millardet does not receive any specific remuneration for his duties as Deputy Chief Executive Officer within AFL-ST

²² Corresponding to the valuation of the company car

²³ Corresponding to assumption of the specific insurance mentioned above

²⁴ Corresponding to the valuation of the company car

Ariane Chazel Member of the Management Board Director of Commitments and Risks, Climate and Sustainable Finance	Financial year ended 31/12/2024		Financial year ended 31/12/2025	
	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	189,945.82	189,945.82	200,023.57	200,023.57
Annual variable compensation	26,500	25,500	[28,100]	26,500
Payments in kind	0	0	4,287.40	4,287.40
Incentive payment	20,503.98	20,054.26	[17,872.08]	20,503.98
TOTAL	236,936.80	235,950.08	[250,283.05]	251,314.95

Thiébaud Julin Member of the Management Board – Chief Financial Officer	Financial year ended 31/12/2024		Financial year ended 31/12/2025	
	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	242,922.48	242,922.48	254,163.36	254,163.36
Annual variable compensation	32,500	31,500	[35,700]	32,500
Payments in kind	3,333	3,333	3,613.34	3,613.34
Incentive payment	20,054.26	20,054.26	[17,872.08]	20,503.98
TOTAL	299,259.46	297,809.74	[311,348.78]	310,780.68

Laurence Leydier Member of the Management Board Director of Membership and Lending	Financial year ended 31/12/2024		Financial year ended 31/12/2025	
	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	167,612.66	167,612.66	177,366	177,366
Annual variable compensation	24,000	23,000	[24,900]	24,000
Payments in kind	0	0	0	0
Incentive payment	20,054.26	20,054.26	[17,872.08]	20,503.98
TOTAL	212,116.64	211,116.92	[220,138.08]	221,902.98

Olivier Roullé Member of the Management Board Chief Executive Officer	Financial year ended 31/12/2025		Financial year ended 31/12/2025	
	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts allocated for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	163,440.30	163,440.30	169,606.82	169,606.82
Annual variable compensation	22,500	20,000	[23,900]	22,500
Payments in kind	2,779.62	2,779.62	4,674.67	4,674.67
Incentive payment	20,503.98	20,054.26	[17,872.08]	20,503.98
TOTAL	208,749.25	206,345.13	[216,053.57]	206,274.18

Principle of staggered variable compensation

In view of the regulations in effect found primarily in the French Monetary and Financial Code, for employees who have a significant impact on the company's risk and those with a significant role, (the "*risk-takers*"), which includes members of the Management Board, AFL's 2025 compensation policy provides for the implementation of a deferred payment of variable compensation components, the principles of which are as follows:

-) payment of variable compensation automatically deferred for a given financial year N from the moment it exceeds €50,000. As a reminder, until 2021 the deferral applied to variable remuneration above €15,000;
-) payment in the year N+1 of the variable amount less than or equal to the threshold of €50,000, awarded for a financial year N, subject to the employee's presence in the workforce on the date of payment of the variable compensation;
-) effective payment of the variable amount above the threshold of €50,000, awarded for a financial year N: at the start of financial years N+2, N+3 and N+4, up to 33% of the balance for each of these financial years. As a reminder, until 2021, the deferred payment was paid for financial years N+2 and N+3 at 50% of the balance for each of these financial years.

The payment threshold of €50,000 (formerly €15,000) relates specifically to the variable compensation allocated for financial year N, and the total amount corresponding to variable compensation components actually paid in a given year for previous financial years may therefore exceed the amount of €50,000.

In accordance with the recommendations of the AFEP-MEDEF Code, the following table shows the variable compensation allocated to Board directors, which is staggered over several financial years.

Variable compensation, which is always published in the annual reports for the financial years for which they are paid, the amount of which does not exceed the applicable threshold (€15,000 until the 2021 financial year, €50,000 since 2021) and the payment of which has not been staggered over several financial years in accordance with the aforementioned compensation policy, is not mentioned in this table.

Name and function of the executive director	Financial year for which variable compensation is staggered and total amount of this variable compensation (€)								
		Financial year 2022	Financial year 2023	Financial year 2024	Financial year 2025	Financial year 2026	Financial year 2027	Financial year 2028	Financial year 2029
Mr Yves Millardet Chairman of the Management Board	Financial year 2021 - Total amount allocated for variable compensation: €69,550	50,000	6,516	6,516	6,516				
	Financial year 2022 - Total amount allocated for variable compensation: €75,632	-	50,000	8,544	8,544	8,544			
	Financial year 2023 - Total amount allocated for variable compensation: €81,784	-	-	50,000	10,595	10,595	10,599		
	Financial year 2024 - Total amount allocated for variable compensation: €84,733	-	-		50,000	11,578	11,578	11,578	
	Financial year 2025 - Total amount allocated for variable compensation: [83,868]					[50,000]	[11,289]	[11,289]	[11,289]

In 2025, there was no staggered payment of variable compensation for other AFL Board members (given their amounts).

4.3. Company employees cited in Article L.511-71 of the French Monetary and Financial Code, known as “risk takers”

4.3.1. Principle

In accordance with the provisions of Article L.511-73 of the French Monetary and Financial Code, the General Meeting of Shareholders of the Company is consulted annually on the overall amount of compensation paid to AFL employees cited in Article L.511-71 of the aforementioned Code, known as “*risk takers*”.

AFL identifies among its employees, on the basis of the criteria defined by the regulations, those having a significant impact on the Company’s risk and those having a significant role within the Company. The list of risk takers is updated annually. At 31 December 2025, 16 employees, including the members of the Company’s Executive Board and the main managers of the Company’s control, support, credit and market functions, qualified as risk-takers.

4.3.2. Terms of payment and allocation of payment

In accordance with the regulations in effect, AFL has set up a strict framework for the payment of variable compensation to these employees, consisting of a deferred payment starting from an amount exceeding €50,000.

The amount of the variable compensation less than or equal to the threshold of €50,000 shall be paid at the start of year N+1, subject to the employee’s presence among AFL’s staff on the date of payment of the variable compensation.

The variable amount above the €50,000 threshold shall be deferred and paid at the start of year N+2 and at the start of year N+3, then at the start of year N+4 for 33% to each of these financial years subject to the condition of the employee’s presence among the staff of Agence France Locale on the payment date of the variable compensation in years N+1, N+2, N+3 or N+4.

The payment threshold of €50,000 specifically concerns the variable compensation allocated for financial year N. The total amount actually paid during a given financial year, corresponding to elements of variable compensation allocated for previous financial years, is therefore likely to exceed this amount by €50,000.

The total amount of compensation paid to these employees in respect of the financial year 2025 amounts to:

- (i) for fixed compensation: €2,390,825;
- (ii) for variable compensation paid during the financial year 2025 for 2024 and previous years €280,900.

At its meeting on 17 March 2026, the ACCGC took note of the total amount of remuneration paid to the persons referred to in Article L.511-71 of the French Monetary and Financial Code, known as “*risk-takers*”, for the financial year ended 31 December 2025, without making any observations.

4.4. Company incentive plan

4.4.1. Principle

The incentive agreement initially put into place in 2021 has expired and the Company has set up a new incentive agreement, pursuant to Article L.3312-5 of the French Labour Code, for the financial years 2024, 2025 and 2026, approved by the Supervisory Board on 11 June 2024 after a favourable opinion from the ACCGC. It aims to reflect the contribution of employees to the growth of the Company’s economic and financial profitability, to the growth of its results, but also to the Company’s commitment to social responsibility.

AFL is keen to involve its employees in the smooth running of the Company, its performance and its CSR approach, in order to motivate its employees and enable them to build up savings. The

Company considers that the implementation of an incentive and participatory incentive policy ensure the effective and stimulating collaboration of all employees, with a view to the constant improvement of the results and the quality of service provided to its Members, employee well-being at work and environmental impact. The incentive scheme appears to be the best way to enable each employee to benefit from the improvement in the Company's results and efficiency achieved by virtue of the collective efforts of all employees.

In this way, the incentive calculation formula is based on three indicators, which take into account the increase in the Company's profitability, its commercial performance, the well-being of employees and the Company's CSR approach.

The payment of an incentive bonus is subject to certain conditions and ceilings, in particular:

- a. In principle, the incentive bonus shall only be distributed if AFL's net accounting income, calculated excluding profit-sharing on the basis of AFL's certified annual separate financial statements as of 31 December of the calculation period in question, is positive; its amount is capped so that it will not lead to a negative net income after paying the incentive;
- b. In addition, the total amount of the incentive distributed to beneficiaries may not exceed 12% annually of the total payroll for the calculation period, nor may it exceed 50% of said net income if the net income calculated without the incentive payment is between €0 and €500,000;
- c. The amount of incentive granted to the same beneficiary may not, for the same calculation period, exceed three-quarters of the annual social security ceiling in effect during the calculation period to which the incentive relates, with this individual ceiling being applied pro rata to the time of attendance for beneficiaries who joined or left during the financial year;
- d. The total amount that may be distributed is divided as follows in order to reduce differences in compensation to favour those earning less: a fixed part equal to 15% of the total, to which is added a portion equal to 85% of the total that is distributed proportionally to the gross annual salary of the employee in question, capped at 2.2 times the average gross annual salary of the company.

4.4.2. Beneficiaries

All AFL employees with a permanent or fixed-term employment contract, regardless of its nature (including apprenticeship contracts and professionalisation contracts), will be able to benefit from the incentive scheme if they can demonstrate a minimum of three months' service in the company.

As a result, Yves Millardet, a non-salaried corporate officer, is excluded from this scheme.

4.4.3. Terms of payment and allocation of payment

The exact amount of the incentive can only be calculated after the closing and approval of the financial statements for the financial year in question corresponding to the calculation period. The bonus is paid no later than the last day of the fifth month following the end of the calendar year, i.e. no later than 31 May following the end of the calculation period.

In this way, the total amount of the incentive paid in 2025 for the 2024 calendar year was €430 713. On the date of preparation of this report, the final amount of the incentive due for the 2025 calendar year has not been determined. For information purposes, the total amount of incentive to be paid in 2026 for the 2025 calendar year, based on the calculation formulas in the incentive agreement, is estimated at €401,310.

5. GENERAL MEETING OF SHAREHOLDERS

5.1. Special terms for shareholder participation in the General Meeting or provisions of the Articles of Association providing for these procedures

The terms of shareholder participation in the General Meeting are covered in Heading V of the Articles of Association and refer to the applicable legal and regulatory provisions.

Every shareholder, duly represented, is entitled to participate in the General Meetings on the basis of his or her identity and the registration of his or her shares in the Company accounts on the date of the meeting.

Pursuant to the laws in effect that offer these options, shareholders may participate in General Meetings either by attending in person, by giving a power of attorney to the Chairperson of the General Meeting, or by voting by post.

5.2. Rules on amendments to the Articles of Association

The rules governing amendments to the Articles of Association refer to the legal and regulatory provisions in effect on the issue.

In compliance with the provisions of Article L.225-96 of the French Commercial Code, the Extraordinary General Meeting of Shareholders has sole authority to amend any and all provisions in the Company's Articles of Association, except those defined by law.

In practice, and in the context of the realisation of capital increases implemented by delegation of powers, granted to the Management Board by the Extraordinary General Meeting of Shareholders, the Chairperson of the Management Board, by subdelegation, is required to approve the consequential amendment to the Article of Association defining the amount of the share capital (in accordance with Articles L.225-129 et seq. of the French Commercial Code).

6. REGULATED AGREEMENTS

Regulated agreements are the agreements cited in Articles L.225-86 et seq. of the French Commercial Code, in particular, those concluded directly or through an intermediary between the AFL and one of the members of the Executive Board or the Supervisory Board, the conclusion of which must be authorised by the Supervisory Board and which must be reviewed by the Supervisory Board on an annual basis²⁵.

The regulated agreements concluded previously and which continued to be executed during the financial year 2025 were as follows:

²⁵ In accordance with Article L.225-87, 1, of the French Commercial Code, agreements concluded between AFL and AFL-ST are not subject to this procedure.

Title of the agreement	Purpose of the agreement	Duration of the agreement	Impact on the financial statements for the year ended 31/12/24
Shareholders' Agreement concluded on 24 June 2014	The Shareholders' Agreement was not amended during the financial year. The version in effect was the one which entered into effect on 28 June 2018.	Unknown	None
Company mandate of the Chairman of AFL's Management Board	Company mandate of Mr. Yves Millardet, Chairman of the Management Board, regulated agreement whose continuation was approved by the General Meeting, i.e. as at the date of this Report for the last time on 6 May 2025.	6 years renewable ²⁶	Annual amount paid during the 2025 financial year: Fixed portion: €295,239 gross Variable portion: €44,500 gross Benefits in kind: €20,237.67 Incentive compensation bonus: €5,500
Employment contracts for the salaried members of the AFL Management Board	<ul style="list-style-type: none"> - Employment contract for Thiébaud Julin approved on 25 March 2014 by the Supervisory Board - Employment contract for Mrs Ariane Chazel approved on 5 June 2014 by the Supervisory Board. - Employment contract for Mrs Laurence Leydier approved on 28 September 2022 by the Supervisory Board. - Employment contract for Mr Olivier Roullé approved on 27 March 2024 by the Supervisory Board. 	Unknown	<p>Thiébaud Julin, Chief Financial Officer Gross annual amount paid during the 2025 financial year: Fixed portion: €254,163.36 gross Variable portion: €32,500 gross Benefits in kind: €3,613.34</p> <p>Mrs Ariane Chazel, Director of Commitments, Risks, Climate and Sustainable Financing: Annual amount paid during the 2025 financial year: Fixed portion: €200,023.57 gross Variable portion: €26,500 gross Benefits in kind: €4,287.40</p> <p>Mrs Laurence Leydier, Membership and credit director: Annual amount paid during the 2025 financial year: Fixed portion: €177,366 gross Variable portion: €24,000 gross</p> <p>Mr Olivier Roullé, CEO: Annual amount paid during the 2025 financial year: Fixed portion: €169,606.82 gross Variable portion: €22,500 gross Benefits in kind: €4,674.67</p>

26 The GM of 23 December 2025 decided to reduce the duration of the term of office of the members of the Executive Board to 4 years, applicable at the next re-appointment.

7. SHARE CAPITAL, SHAREHOLDING STRUCTURE, AND CONTROL OF THE COMPANY

In accordance with Article L. 22-10-11, with reference to Article L. 22-10-10 of the French Commercial Code, presented below are the following items related to the shareholding structure of AFL and the Group formed with AFL-ST with the specification that none of the items covered hereinafter is likely to have an impact in the event of a public offer.

7.1. Structure of the Company's share capital

At 31 December 2025, the Company's share capital had the following composition:

SHAREHOLDERS	AMOUNT SUBSCRIBED (IN €)	NUMBER OF SHARES	% HOLDING
AGENCE FRANCE LOCALE - SOCIÉTÉ TERRITORIALE	262,529,473.74	2,786,417	99.9999%
LYON METROPOLITAN AREA ²⁷	100	1	0.0001%
TOTAL	262,529,573.74	2,786,418	100%

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. Thus, given the closed nature of its shareholding, the Company is not aware of any direct or indirect shareholdings in its capital referred to in Articles L. 233-7 and L. 233-12 of the French Commercial Code.

²⁷Pursuant to Article L.225-1 of the French Commercial Code, requiring a minimum of two shareholders.

7.2. Restrictions on the exercise of voting rights and on share transfers

) Statutory restrictions

The Company's provisions of the Articles of Association do not provide for any restriction on the exercise of shareholders' voting rights, since the voting right attached to the shares composing the capital is proportional to the percentage of the capital that they represent. Each share entitles the holder to one vote at the General Meetings.

The Company's Articles of Association stipulate that shares that have not been fully paid-up are not accepted for transfers.

In view of the shareholder structure of AFL-ST, the share capital of which is held exclusively directly or indirectly by local and regional authorities, groupings of these authorities and local public institutions, and of the need to maintain the stability and sustainability of the shareholding structure in order to enable the Company to conduct its activities under the best conditions, the Shareholders' Agreement strictly regulates the possibilities of transferring shares and other securities conferring access to the Company's share capital ("**Securities**").

Thus, in principle, each of the AFL shareholders has undertaken, by adhering to the Shareholders' Agreement, to retain their AFL shares for as long as they remain a shareholder of AFL-ST.

As an exception to the principle and in strictly defined cases, namely: (i) loss of membership in the AFL Group; and (ii) at the request of AFL-ST, an AFL shareholder is required to sell the shares it holds in the capital of AFL to a person designated by the Board of Directors of AFL-ST.

In any event, the stipulations of the Shareholders' Agreement provide that each shareholder of the Company shall grant AFL-ST a pre-emptive right on any sale of Company Securities.

No agreement for which certain clauses provide for preferential conditions of assignment or acquisition of shares of the Company has been brought to its attention by way of application of the provisions of Article L. 233-11 of the French Commercial Code, since the Company's shares are not eligible for trading on a regulated market.

) Restrictions through agreements

No agreement likely to result in restrictions on the transfer of shares or the exercise of voting rights has been concluded between the shareholders of AFL, since transactions on AFL shares are, as indicated in the previous paragraph, strictly regulated by the Shareholders' Agreement.

In the same way, the Company has not concluded any agreement that is likely to come to an end or for which the performance conditions are likely to be amended in the event of a change in control of the Company.

7.3. Securities conveying special control rights

The Company does not issue securities that convey special control rights on their holders.

7.4. Employee share ownership

no share purchase or option transactions reserved for employees were carried out in the Company during the year ended 31 December 2025. Indeed, the capital structure of the AFL Group required by law does not permit AFL employees to hold shares in the Company's share capital.

7.5. Summary table of the use of delegations granted for the execution of capital increase operations by the general meeting of shareholders pursuant to Articles L. 225-129-1 and L. 225-129-2, and in accordance with the provisions of Article L.225-37-4, paragraph 3 of the French Commercial Code

Date of the General Meeting which granted the delegation	Purpose of the delegation granted to the Executive Board	Duration	Overall ceiling	Use during the 2025 financial year
Combined General Meeting of 6 May 2024 (9th resolution)	Delegation of authority granted to the Management Board to increase the share capital with preferential subscription rights through the issuance of common shares	Duration: 26 months Expiry: replaced by delegation granted by the GM of 6 May 2025	€150 million (nominal)	None
Combined Shareholders' Meeting of 6 May 2024 (10th resolution)	Delegation of authority granted to the Management Board to increase the share capital with cancellation of preferential subscription rights for the benefit of Société Territoriale, through the issuance of common shares	Duration: 18 months Expiry: replaced by delegation granted by the GM of 6 May 2025	€150 million (nominal)	Capital increases with cancellation of preferential subscription rights for the benefit of Société Territoriale 1. Amount: €9,099,912.68 2 Amount: €8,479,584

Date of the General Meeting which granted the delegation	Purpose of the delegation granted to the Executive Board	Duration	Overall ceiling	Use during the 2025 financial year
Combined Shareholders' Meeting of 6 May 2025 (16th resolution)	Delegation of authority granted to the Management Board to increase the share capital with preferential subscription rights through the issuance of common shares	Duration: 26 months Expiry: 6 July 2027 at midnight	€150 million (nominal)	None
Combined Shareholders' Meeting of 6 May 2025 (17th resolution)	Delegation of authority granted to the Management Board to increase the share capital with cancellation of preferential subscription rights for the benefit of Société Territoriale, through the issuance of common shares	Duration: 18 months Expiry: 6 November 2026 at midnight	€150 million (nominal)	Capital increases with cancellation of preferential subscription rights for the benefit of Société Territoriale 1. Amount: €1,680,841.98 2. Amount: €2,199,980.96

8. OBSERVATIONS OF THE SUPERVISORY BOARD ON THE MANAGEMENT REPORT ISSUED BY THE MANAGEMENT BOARD AND ON THE SEPARATE FINANCIAL STATEMENTS ESTABLISHED FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2025

Pursuant to Article L.225-68, 6 of the French Commercial Code, the Supervisory Board must submit to the Annual General Meeting of Shareholders its observations on the annual financial statements for the past financial year, as approved by the Management Board, and on the management report submitted to this Meeting.

We point out to you that the annual financial statements for the year ended 31 December 2025, prepared in accordance with French GAAP and, on a voluntary basis, at a consolidated²⁸ level according to IFRS standards, and the management report prepared by the Company's Executive Board, were submitted to the Supervisory Board within the deadlines provided by legal and regulatory provisions, after having been favourably reviewed by the Company's Audit and Risk Committees.

The financial statements for the year ended 31 December 2025 show the following main items:

	Financial statements in accordance with French GAAP (€'000)	Consolidated according to IFRS (€'000)
Total balance sheet	12,496,875	12,398,971
Net banking income	29,566	30,718
Net income	10,640	10,802

The annual financial statements for the financial year ended 31 December 2025 prepared according to French GAAP and, on a voluntary basis, according to IFRS standards, and the related management report prepared by the Management Board do not call for any particular comment on the part of the Supervisory Board, which examined them on 25 March 2026.

**

Completed in Lyon, 25 March 2026,
The Supervisory Board of Agence France Locale,
Represented by its Chairman,
Mr Sacha Briand

²⁸Due to the creation of the Company's subsidiary Agence France Locale - Foncière on 30 May 2024, the Company will henceforth publish consolidated annual financial statements at the Company level, containing Agence France Locale and said subsidiary and constituting an intermediate consolidation level within the Agence France Locale Group.

Annex 1 - The following table details the independence criteria stipulated in Article 10 of the AFEP-MEDEF Code

Criterion 1: Salaried Board director/Executive officer/director of the company or its parent company or the consolidated company during the past five years

Is not or has not been over the last five years:

-) an employee or executive director of the company;
 -) an employee, executive director, or director of a company within the company's scope of consolidation;
 -) an employee, executive director, or director of the parent company of the company or of a company within the parent company's scope of consolidation.
-

Criterion 2: Cross-directorships

Is not or has not been an executive director of a company in which the Company directly or indirectly holds a director's mandate or in which an employee appointed as such or an executive director of the Company (currently or during the last five years) holds a director's mandate.

Criterion 3: Significant business relationships

Is not a customer, supplier, corporate banker, investment banker or advisor:

-) to a significant degree, of the company or its group;
-) or for which the company or its group represents a significant portion of activity.

The assessment of whether or not the relationship with the company or its group is significant is discussed by the Board and the quantitative and qualitative criteria that led to this assessment (continuity, economic dependence, exclusivity, etc.) are explained in the annual report.

Criterion 4: Family ties

Does not have a close family relationship with a Board director.

Criterion 5: Statutory Auditor

Has not been a Statutory Auditor of the Company within the last five years.

Criterion 6: Term of office exceeding 12 years

Has not been a director of the Company for more than 12 years. The loss of the status of independent director occurs on the 12-year anniversary.

Criterion 7: Non-executive director status

A non-executive director cannot be regarded as independent if he or she receives variable compensation in cash or securities or any compensation related to the performance of the company or the group.

Criterion 8: Status of major shareholder

Directors representing major shareholders of the company or its parent company may be considered independent if such shareholders do not participate in the control of the company. Above a threshold of 10% in capital or voting rights, however, on the basis of the report of the Appointments Committee, the Board shall always query the independent classification, taking into account the composition of the share capital of the company and the existence of a potential conflict of interest.

Annex 2 - Criteria for allocating the compensation of the members of the Management Board for the financial year 2025

These criteria were favourably reviewed by the ACCGC on 4 March 2025 and approved by the Company's Supervisory Board on 26 March 2025.

Expanding the shareholder base - new members

Achieving the loan origination target

Expanding the shareholder base - amount of AIT pledged

Ensuring AFL's financial soundness

Controlling operating expenses

CSR policy

Controlling operational risks

Annex 3 – Criteria for allocating the compensation of the members of the Management Board for the financial year 2026

These criteria were favourably reviewed by the ACCGC on 17 March 2026 and approved by the Company’s Supervisory Board on 25 March 2026.

Quantitative objectives

Expanding the shareholder base

Achievement of credit generation and business plan margin targets

Control operating costs

Qualitative objectives

CSR

Control risks

APPENDIX 3

TEXT OF THE RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF SHAREHOLDERS OF AGENCE FRANCE LOCALE (“AFL”) ON 6 MAY, 2026

(Subject to forthcoming changes, prior to the invitation date)

First resolution

Approval of the parent company financial statements for the financial year ended 31 December 2025, prepared in accordance with French GAAP, and full and unreserved discharge of the Executive Board regarding the accomplishment of its mission for said financial year

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, and having been informed of the Executive Board’s report to the General Meeting, the Supervisory Board’s observations and the Statutory Auditors’ report on the parent company financial statements for the financial year ended 31 December 2025, prepared in accordance with French accounting standards, hereby approves the parent company financial statements for the said financial year, prepared in accordance with French accounting standards, granting the Executive Board full and unreserved discharge to fulfil its mission in the said financial year.

The General Meeting, acting pursuant to Article 223 quarter of the French General Tax Code, approves the expenses and charges referred to in Article 39-4 of said Code totalling sixty thousand three hundred and two euros (€60,302), in addition to the related corporate income tax expense amounting to seven thousand five hundred and thirty-eight euros (€7,358).

Second resolution

Approval of the parent company and consolidated financial statements for the financial year ended 31 December, 2025 prepared in accordance with IFRS

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, and having been informed of the Executive Board’s report to the General Meeting, the Supervisory Board’s observations and the Statutory Auditors’ report on the parent company financial statements for the financial year ended 31 December 2025 prepared in accordance with IFRS, approves the parent company financial statements for said year, as prepared in accordance with IFRS.

Third resolution

Allocation of profit & earnings for the financial year ended 31 December 2025

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, having acknowledged the Executive Board's report addressed to the General Meeting, the observations of the Supervisory Board and the Statutory Auditors' report on the financial statements for the financial year ended 31 December 2025 prepared in accordance with French standards, resolves to allocate profit for the financial year, amounting to €10,640,462.08:

- 1) Up to 5% to the legal reserve, i.e., a total of €532,023.10; and
- 2) The balance in the "Retained earnings" account, i.e. an amount of €10,108,438.98.

Fourth resolution

Approval of the agreements subject to the provisions of Articles L.225-86 et seq. of the French Commercial Code

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, and having acknowledged the Statutory Auditors' special report on the financial statements as outlined under the third paragraph of Article L. 225-88 of the French Commercial Code on the agreements referred to in Article L. 225-86 of the French Commercial Code, acknowledges the information relating to regulated agreements signed and authorised in previous financial years and whose execution was continued during the last financial year, which is mentioned therein.

Fifth resolution

Presentation of the Supervisory Board's report on corporate governance

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, acknowledges the Corporate Governance report, drawn up by the Company's Supervisory Board in accordance with Article L. 225-68, paragraph 6 of the French Commercial Code, which is appended to the Executive Board's Management Report.

Sixth resolution

Setting of the global annual compensation package for members of the Supervisory Board in the 2026 financial year, to be allocated among these members

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, sets the total annual compensation to be allocated among members of the Supervisory Board at three hundred thousand euros (€300,000) for the 2026 financial year and subsequent years.

Seventh resolution

Advisory vote on the overall total compensation of all kinds paid during the financial year ended 31 December 2025 to the persons mentioned in Article L. 511-71 of the French Monetary and Financial Code

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, in accordance with the provisions of Article L. 511-73 of the French Monetary and Financial Code, acknowledges the components for compensations of all kinds paid during the financial year ended 31 December, 2025 to the persons mentioned in Article L. 511-71 of the French Monetary and Financial Code, known as “employee risks takers”, as they feature in the Corporate Governance report and were favourably assessed by the Appointments, Compensation and Corporate Governance Committee, without commenting.

Eighth resolution

Renewal of the appointment of Sophie Soullac as a member of the Supervisory Board

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, in accordance with the provisions of Article L. 225-75 of the French Commercial Code, having acknowledged the advice of the Appointments, Compensation and Corporate Governance Committee (“CNRGE”) of the Company, as well as the CNRGE and Board of Directors of Agence France Locale - Société Territoriale (“AFL-ST”),

Renews the appointment of Sophie Soullac on the Supervisory Board, for a period of four years expiring at the end of the Ordinary General Meeting of shareholders called to approve the financial statements for the financial year ended 31 December, 2029, in accordance with the provisions of the Articles of Association in force.

Ninth resolution

Renewal of the appointment of Julien Denormandie as a member of the Supervisory Board

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, in accordance with the provisions of Article L. 225-75 of the French Commercial Code, having acknowledged the advice of the Appointments, Compensation and Corporate Governance Committee (“CNRGE”) of the Company, as well as the CNRGE and Board of Directors of Agence France Locale - Société Territoriale (“AFL-ST”),

Renews the appointment of Mr. Julien Denormandie on the Supervisory Board, for a period of four years expiring at the end of the Ordinary General Meeting of shareholders called to approve the financial statements for the financial year ended 31 December, 2029, in accordance with the provisions of the Articles of Association in force.

Tenth resolution

Appointment of François Thomazeau as a member of the Supervisory Board

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, in accordance with the provisions of Article L. 225-75 of the French Commercial Code, having acknowledged the advice of the Appointments, Compensation and Corporate Governance Committee (“CNRGE”) of the Company, as well as the CNRGE and Board of Directors of Agence France Locale - Société Territoriale (“AFL-ST”),

Appoints François Thomazeau as a member of the Supervisory Board, for a period of four years expiring at the end of the Ordinary General Meeting of shareholders called to approve the financial statements for the financial year ended 31 December, 2029, in accordance with the provisions of the Articles of Association in force.

Eleventh resolution

Appointment of a new Board of Statutory Auditors (regular and alternate members)

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, after noting that the term of office of the Board of Statutory Auditors expired and having acknowledged the Supervisory Board’s recommendation, adopted on the advice of the Audit Committee, resolves to:

- [Appoint/Renew the appointment as Primary Co-Statutory Auditor to the financial statements of the Company, the firm [XX], and to [appoint/renew the appointment] as Alternate Statutory Auditors [XX], for a period of six years, expiring at the end of the Annual General Meeting to approve the financial statements of the financial year ended 31 December, 2031; and
- [Appoint/Renew the appointment as Primary Co-Statutory Auditor to the financial statements of the Company, the firm [XX], and to [appoint/renew the appointment] as Alternate Statutory Auditors [XX], for a period of six years, expiring at the end of the Annual General Meeting to approve the financial statements of the financial year ended 31 December, 2031.

Twelfth resolution

Presentation of the CSR strategy

The General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, acknowledges the presentation of the CSR strategy.

Thirteenth resolution

Delegation of authority to the Executive Board to issue ordinary shares, with the maintenance of pre-emptive rights

The General Meeting, having satisfied the quorum and majority requirements for Extraordinary Meetings, and having acknowledged the Executive Board's report and in accordance with the provisions of Articles L. 225-129 *et seq.* (particularly Article L. 225-129-2) of the French Commercial Code:

- › **Delegates** to the Executive Board its authority to carry out capital increases, on one or more occasions, in the proportions and at the times it determines, by issuing shares with preferential subscription right for shareholders, where the subscription for such shares is paid in cash.
- › This delegation of powers expressly excludes issues of preference shares and securities giving immediate or future access by any means to preference shares.
- › **Resolves** that the maximum nominal amount of the immediate or future capital increases of the Company that may be carried out under this delegation may not exceed one hundred and fifty million euros (€150m), with it being specified that the nominal amount of the Company's capital increases pursuant to the fourteenth and fifteenth resolutions shall be deducted from this ceiling. To this ceiling shall be added, where applicable, the additional amount of the nominal value of the shares to be issued to preserve the rights of the holders of securities or other rights giving access to the share capital, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment.
- › **Resolves** that shareholders may exercise their preferential subscription rights on an irrevocable basis for the shares whose issue will be decided by the Executive Board pursuant to this delegation, under the conditions stated by the Executive Board and within the limits set by the applicable legal and regulatory provisions. In addition, the Managing Board shall have the option of granting shareholders a right to subscribe for excess shares, which shall be exercised in proportion to their rights and within the limit of their requests. If subscriptions using irreducible rights and, as the case may be, reducible subscriptions for excess shares do not account for the entirety of a share issue as defined above, the Executive Board may, at its discretion and in such order it sees fit, use one or more of the options provided for in Article L. 225-134 of the French Commercial Code, namely:
 - a. limiting the amount of the capital increase to the amount of subscriptions, provided that said amount reaches at least three-quarters of the issue originally decided,
 - b. freely distribute all or part of the unsubscribed shares among the persons of its choice.
- › **Resolves** that the amount returned or to be returned to the Company for each of the shares issued under this delegation of powers will be equal to the nominal value of those shares on the date of issue of those shares.
- › **Grants** full authority to the Executive Board to implement this delegation and in particular to:
 - determine the dates and manner of the issuances as well as the form and features of the shares to be created,

- determine the number of shares to be issued and the terms and conditions thereof, with the understanding that the issue price of the shares to be issued will be equal to the nominal value of those shares on the date of issue of those shares,
 - determine the method of payment for the shares issued,
 - determine the date on which entitlement to dividends arises, with or without retroactive effect, for the shares to be issued,
 - suspend, if necessary, the exercise of the rights attached to securities previously issued by the Company for a period of up to three months within the limits provided by the applicable legal and regulatory provisions,
 - at its sole discretion, allocate the costs of any issue to the amount of the related premiums and deduct from such amount the sums necessary to raise the legal reserve to one tenth of the new capital after each increase, and
 - more generally, make all necessary arrangements, enter into all agreements, request all authorisations, carry out all formalities and take all necessary measures to achieve the successful completion of the proposed issues or, if necessary, delegate them to the Chairperson of the Executive Board, record the capital increases resulting from any issue effected by the use of this delegation, amend the Company's Articles of Association accordingly and ensure the financial service of the securities in question and the exercise of the rights attached thereto.
- › **Resolves** that this delegation of powers shall be valid for a period of twenty-six (26) months from the date of the General Meeting, and that it cancels and replaces, for the remaining period, the delegation for the same purpose granted by the General Meeting of 6 May, 2025.

Fourteenth resolution

Delegation of authority to the Executive Board to issue ordinary shares with the suppression of pre-emptive subscription rights for the benefit of the Société Territoriale

The General Meeting, having satisfied the quorum and majority requirements for Extraordinary Meetings, having acknowledged the Executive Board's report and the Statutory Auditors' report on the financial statements, and in accordance with the provisions of Articles L. 225-129 *et seq.* (particularly Article L. 225-129-2) and Article L. 225-138 of the French Commercial Code:

- › **Delegates** to the Executive Board its authority to carry out capital increases, on one or more occasions, in the proportions and at the times it determines, by issuing shares reserved for shareholders without preferential subscription right for the shareholders for the benefit of persons designated. The Executive Board shall, in the event that the delegation is used, draw up the list of beneficiaries and the number of shares allocated to each of them on the basis of objective criteria. These shares shall be subscribed in cash.
- › This delegation of powers expressly excludes issues of preference shares and securities giving immediate or future access by any means to preference shares.
- › **Resolves** that the maximum nominal amount of the immediate or future capital increases of the Company that may be carried out under this delegation may not exceed one hundred and fifty million euros (€150m), it being specified that the nominal amount of the Company's capital increases pursuant to the thirteenth and fifteenth resolutions shall be deducted from this

ceiling. To this ceiling shall be added, where applicable, the additional amount of the nominal value of the shares to be issued to preserve the rights of the holders of securities or other rights giving access to the share capital, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment.

- › **Resolves** that this delegation entails the cancellation of the shareholders' preferential subscription rights to the shares that may be issued.

- › **Resolves** that the amount returned or to be returned to the Company for each of the shares issued under this delegation of powers will be equal to the nominal value of those shares on the date of issue of those shares.

- › **Acknowledges** that issues completed pursuant to this delegation of authority must be completed within eighteen (18) months of the Annual General Meeting having voted on the delegation, in accordance with the provisions of Article L. 225-138 of the French Commercial Code.

- › **Grants** full authority to the Executive Board to implement this delegation, and in particular to:
 - determine the list of beneficiaries within the category of persons defined above and the number of shares to be allocated to each of them,
 - determine the dates and manner of the issuances as well as the form and features of the shares to be created,
 - determine the number of shares to be issued and the terms and conditions thereof, with the understanding that the issue price of the shares to be issued will be equal to the nominal value of those shares on the date of issue of those shares,
 - determine the method of payment for the shares issued,
 - determine the date on which entitlement to dividends arises, with or without retroactive effect, for the shares to be issued,
 - suspend, if necessary, the exercise of the rights attached to securities previously issued by the Company for a period of up to three months within the limits provided by the applicable legal and regulatory provisions,
 - at its sole discretion, allocate the costs of any issue to the amount of the related premiums and deduct from such amount the sums necessary to raise the legal reserve to one tenth of the new capital after each increase, and
 - more generally, make all necessary arrangements, enter into all agreements, request all authorisations, carry out all formalities and take all necessary measures to achieve the successful completion of the proposed issues or, if necessary, delegate them to the Chairperson of the Executive Board, record the capital increases resulting from any issue effected by the use of this delegation, amend the Company's Articles of Association accordingly and ensure the financial service of the securities in question and the exercise of the rights attached thereto.

- › **Resolves** that the Executive Board may limit the amount of the capital increase to the amount of subscriptions, provided that this amounts to at least three-quarters of the issue originally decided upon.

- › **Resolves** that this delegation of authorisation will be valid for a period of eighteen (18) months from the date of the Annual General Meeting, and that it cancels and replaces, for the remaining period, the delegation for the same purpose granted by the General Meeting of 6 May, 2025.

Fifteenth resolution

Delegation of powers to the Executive Board to carry out a share capital increase reserved for members of an employee savings plan with preferential subscription rights waived in favour of the said employees

The General Meeting, having satisfied the quorum and majority requirements for Extraordinary Meetings, having acknowledged the Executive Board's report and the Statutory Auditors' report on the financial statements, and in accordance with the provisions of Articles L. 225-129-6 of the French Commercial Code, and L. 3332-18 to L. 3332-24 of the French Labour Code ("*Code du travail*"):

- › **Delegates** to the Executive Board its powers to carry out capital increases, on one or more occasions, in the proportions and at the times it shall decide, as provided for in Articles L.3332-18 to L.3332-24 of the French Labour Code relating to capital increases reserved for members of an employee savings plan.

This delegation of powers expressly excludes issues of preference shares and securities giving immediate or future access by any means to preference shares.

- › **Resolves** that the maximum nominal amount of the immediate or future capital increases of the Company that may be carried out under this delegation may not exceed 3% of the share capital after the proposed capital increase, it being specified that the nominal amount of the Company's capital increases pursuant to the thirteenth and fourteenth resolutions shall be deducted from this ceiling. To this ceiling shall be added, where applicable, the additional amount of the nominal value of the shares to be issued to preserve the rights of the holders of securities or other rights giving access to the share capital, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment.
- › **Resolves** that the subscription shall be reserved for employees who are members of an employee savings plan or company investment fund(s) to be set up as part of a employee savings plan to be created, in accordance with the provisions of Article L. 225-138-I of the French Commercial Code. The new shares shall entitle their holders to the same rights as the existing shares.
- › **Resolves** that this delegation entails the cancellation of the shareholders' preferential subscription rights to the shares that may be issued.
- › **Resolves** that the subscription price of the new ordinary shares, determined in accordance with Articles L.3332-18 to L.3332-24 of the French Labour Code, shall be set either (i) by applying designated objective methods for valuing shares, taking into account, with appropriate weightings, the net asset value, profitability and business prospects of the company, or (ii) by dividing the restated value of net assets on the most recent balance sheet

by the number of existing shares. The decision setting the subscription date shall be taken by the Board.

- › **Resolves** that the Board shall decide the subscription date, it being understood that the period for subscribers to pay for their subscribed securities shall be no longer than three years. The capital shall only be increased by the amount corresponding to shares actually subscribed for, which shall be paid for in accordance with law.

- › **Grants** full authority to the Executive Board to implement this delegation, and in particular to:
 - determine the list of beneficiaries and the number of shares to be allocated to each, within the ceiling set by the General Meeting,
 - determine the timing and terms and conditions of the issues made under this delegation, in accordance with law and the Articles of Association and, in particular, to set the subscription price in accordance with the rules defined above, the opening and closing dates for subscriptions, the effective date of the dividend rights, the deadline for payment, all these to comply with the legal limits,
 - recognise the completion of the capital increases in the amount of shares actually subscribed for,
 - complete, directly or by legal representative, all necessary formalities,
 - amend the Articles of Association as necessary to take account of the capital increases,

- › more generally, make all necessary arrangements, enter into all agreements, request all authorisations, carry out all formalities and take all necessary measures to achieve the successful completion of the proposed issues or, if necessary, delegate them to the Chairperson of the Executive Board, record the capital increases resulting from any issue effected by the use of this delegation, amend the Company's Articles of Association accordingly and ensure the financial service of the securities in question and the exercise of the rights attached thereto.

- › **Resolves** that this delegation of powers shall be valid for a period of twenty-six (26) months from the date of the Annual General Meeting, and that it cancels and replaces, for the remaining period, the delegation for the same purpose granted by the General Meeting of 6 May, 2025.

Sixteenth resolution

Powers for formalities

The General Meeting grants full powers to the bearer of the original, an extract or a copy of these minutes to carry out all formalities and registrations required by the laws and regulations in effect relating to the decisions taken at this meeting.

**

APPENDIX 4: PROVISIONAL FINANCIAL COMMUNICATIONS SCHEDULE FOR THE 2026 FINANCIAL YEAR

Agence France Locale Group is composed of:

- › Agence France Locale, a Public Limited Company (*société anonyme*) with an Executive and Supervisory Board (***the Issuer***) (*), and;
- › Agence France Locale – Société Territoriale, the parent company, a Public Limited Company (*société anonyme*) with a Board of Directors (***Société Territoriale*** – “Territorial Company”).

Publication date	Information
26 March, 2026 (before stock market opens) <i>subject to future amendment</i> (embargo period starts 6 March, 2026)	Press release on the Issuer’s annual parent company and consolidated earnings and the annual parent company and consolidated earnings of the Société Territoriale (“Territorial Company”) for the financial year ended 31 December, 2025
6 May, 2026	Annual General Meeting of the Issuer’s shareholders, called to approve the parent company financial statements prepared in accordance with French GAAP and the consolidated financial statements prepared in accordance with IFRS for the financial year ended 31 December, 2025.
20 May, 2026	Annual General Meeting of Shareholders of the Société Territoriale (“Territorial Company”), notably called to approve the Société Territoriale parent company financial statements prepared in accordance with French GAAP, and the Agence France Locale (“AFL”) Group’s consolidated financial statements for the financial year ended 31 December, 2025, prepared in accordance with IFRS.
23 September, 2026 (before stock market opens) <i>subject to future amendment</i> (embargo period starts 2 September, 2026)	Press release on the half-yearly results of the Issuer and the consolidated half-year result of the Agence France Locale Group for the first half of the financial year ended 30 June 2025.

(*) Since the first half of 2024, the Issuer also publishes consolidated financial statements at the Issuer’s level, which include the Issuer and its subsidiary – Agence France Locale – Foncière – with its purpose being to own premises for office use intended to house the Issuer’s registered offices, effective from 2027.

APPENDIX 5: SUMMARY TABLE OF AFL KEY INDICATORS AND CAPITAL RATIOS

At the AFL-ST level (AFL Group), the consolidated Pillar III report is included in the AFL-ST's Annual Report. As such, the AFL is not required to publish Pillar III reporting at its level.

For the purposes of transparency and comparison with other institutions, AFL decided to publish its main indicators on a voluntary basis at 31 December, 2025 in Pillar III format in the Key Metrics ("KM1" table below).

		a
		T
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	261 326 647
2	Tier 1 capital	310 767 901
3	Total capital	310 767 901
	Risk-weighted exposure amounts	
4	Total risk exposure amount	452 280 273
4a	Total risk exposure pre-floor	452 280 273
	Capital ratios (as a percentage of risk weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	57,78%
5a	Not applicable	
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	57,78%
6	Tier 1 ratio (%)	68,71%
6a	Not applicable	
6b	Tier 1 ratio considering unfloored TREA (%)	68,71%
7	Total capital ratio (%)	68,71%
7a	Not applicable	
7b	Total capital ratio considering unfloored TREA (%)	68,71%
	Additional own funds requirements to address risks other than the risk of excessive leverage	
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-
EU 7e	of which: to be made up of CET1 capital (percentage points)	-
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	-
EU 7g	Total SREP own funds requirements (%)	8,00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2,50%
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 (%)	0,95%
EU 9a	Systemic risk buffer (%)	-
10	Global Systemically Important Institution buffer (%)	-
EU 10a	Other Systemically Important Institution buffer (%)	-
11	Combined buffer requirement (%)	3,45%
EU 11a	Overall capital requirements (%)	11,45%
12	CET1 available after meeting the total SREP own funds requirements (%)	53,28%
	Leverage ratio	
13	Total exposure measure	2 470 965 471
14	Leverage ratio (%)	12,58%
	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 (%)	3,00%
	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 (%)	3,00%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 314 896 127
EU 16a	Cash outflows - Total weighted value	341 537 863
EU 16b	Cash inflows - Total weighted value	70 229 540
16	Total net cash outflows (adjusted value)	271 308 323
17	Liquidity coverage ratio (%)	484,65%
	Net Stable Funding Ratio	
18	Total available stable funding	10 707 210 587
19	Total required stable funding	6 829 280 095
20	NSFR ratio (%)	156,78%

RESPONSIBILITY FOR THIS MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER, 2025

I, the undersigned party, Yves Millardet, acting in my capacity as Chairman of the Executive Board of Agence France Locale (“AFL”), certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and are an accurate reflection of the Company’s assets and liabilities, financial position, and income, and that this Management Report presents a true and fair view of the Company’s business, income, and financial position and describes the main risks and uncertainties facing the Company.

Lyon, 25 March 2026,

[SIGNATURE STAMP INSERTED BY CHIEF COUNSEL ON 25 MARCH]

Yves Millardet
AFL-ST Deputy Chief Executive Officer
AFL Chairperson of the Executive Board

**PARENT COMPANY STATEMENTS PREPARED ACCORDING TO FRENCH
GAAP AND CONSOLIDATED FINANCIAL STATEMENTS PREPARED
ACCORDING TO IFRS
AND RELATED STATUTORY AUDITORS' REPORTS**

AGENCE FRANCE LOCALE

BALANCE SHEET

Assets as of 31st of December 2025

(€ '000s)	Notes	31/12/2025	31/12/2024
Cash and central banks	2	741,897	485,873
Government paper and similar securities	1	1,096,198	1,106,035
Receivables on credit institutions	2	168,747	193,965
Loans and advances to customers	4	9,919,985	8,574,556
Bonds and other fixed income securities	1	184,853	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	3,584	2,485
Property, plant and equipment	5	206	199
Other assets	6	67,410	57,315
Accruals	6	301,495	283,340
TOTAL ASSETS		12,496,875	10,874,377

Liabilities as of 31st of December 2025

(€ '000s)	Notes	31/12/2025	31/12/2024
Central banks			
Due to banks	3	2	0.2
Customer borrowings and deposits			
Debt securities	7	11,691,694	10,161,673
Other liabilities	8	268,727	216,860
Accruals	8	207,227	198,719
Provisions	9	139	139
Subordinated debt	10	50,136	50,136
General banking risk fund (GBRF)			
Equity (excluding GBRF)	11	278,950	246,849
Share capital		262,530	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 (+/-)		10,640	5,780
TOTAL LIABILITIES		12,496,875	10,874,377

INCOME STATEMENT

(€ '000s)	Notes	31/12/2025	31/12/2024
+ Interest and similar income	13	367,560	457,737
- Interest and similar expenses	13	(341,567)	(433,919)
+ Income from variable income securities			
+ Fee and commission income	14	527	441
- Fee and commission expenses	14	(202)	(215)
+/- Net gains (losses) on held for trading portfolio	15	1,536	48
+/- Net gains (losses) on placement portfolio	15	1,713	(1,604)
+ Other banking income			
- Other banking expense			
NET BANKING INCOME		29,566	22,488
- General operating expenses	16	(16,343)	(14,745)
+ Other operating income			
- Depreciation and amortization	5	(1,135)	(1,191)
GROSS OPERATING INCOME		12,088	6,552
- Cost of risk			
OPERATING INCOME		12,088	6,552
+/- Net gains (losses) on fixed assets	17		(1)
PRE-TAX INCOME ON ORDINARY ACTIVITIES		12,088	6,551
+/- Net extraordinary items			
- Income tax charge		(1,448)	(772)
+/- Net allocation to FGBR and regulated provisions			
NET INCOME		10,640	5,780
Basic earnings per share		3.82	2.26

OFF-BALANCE SHEET

(€ '000s)

COMMITMENTS GIVEN AND RECEIVED	Notes	31/12/2025	31/12/2024
Commitments given		855,438	613,459
Financing commitments		786,414	544,884
Guarantee commitments		69,024	68,574
Commitments on securities			
Commitments received		1,554	1,691
Financing commitments			
<i>Commitments received from credit institutions</i>			
Guarantee commitments		1,554	1,691
Commitments on securities			
Derivatives	12	21,042,585	19,121,255

NOTES TO THE INDIVIDUAL ACCOUNTS

I - Publication context

The annual financial statements were approved by the Board of Directors as of March 11, 2026.

II - Highlights from financial year

The year 2025 marks a further increase in results linked to the loan 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 since 2023. The increase in income generation from the loan activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of loans granted to Member local authorities.

The origination of medium and long-term loans carried out by the AFL for the 2025 financial year amounted to 1,832 million euros compared to 1,964 million euros for the year 2024, to which are added cash facilities, the amount of which stood at €635 million in 2025 compared to €256 million in 2024.

While maintaining a competitive long-term loan offering, AFL also fulfilled its role of providing a diversified range of loans by increasing its interventions in complementary segments, particularly bridge loans and cash facilities. This approach made it possible to offer AFL shareholders a comprehensive response, covering all their needs, from short-term to long-term, and thus to secure the financial balance of their projects.

In 2025, AFL carried out 21 bond market transactions for a total amount of €2.24 billion at a margin of 15.6 basis points above the OAT curve, compared to a margin of 32.5 basis points in 2024 and an average maturity of 7.6 years versus 7.8 years in 2024.

These 21 transactions break down as follows:

- 8 private placements in the form of FRNs;
- 4 fixed-rate private placements, including 3 private placements redeemable at AFL's option ("callable");
- A syndicated euro-denominated issue of €500 million with a 2033 maturity at an 18 basis point margin over OATs;
- A syndicated tap of €250 million on the 2038 maturity bond line at a 16 basis point margin over OATs;
- A Swiss franc-denominated issue of CHF 100 million with a 2035 maturity at a margin equivalent to OATs plus 14 basis points;
- A sterling-denominated issue of £300 million with a 2029 maturity at a margin equivalent to OATs plus 15 basis points; and
- 5 taps of several euro-denominated bond lines in private placement format for a total of €750 million.

2025 marks a record both in terms of the number of transactions and the diversity of debt instruments and currencies. It should be noted that among the debt securities issued in 2025, 5 transactions were carried out in the form of sustainable bonds under AFL's sustainable issuance framework.

This diversification is at the heart of AFL's issuance strategy and aims to optimize the maturity profile of AFL's debt as well as its financing cost.

During the 2025 financial year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €21.5 million through four capital increases, bringing AFL's share capital from €241.1 million as of January 1, 2025, to €262.5 million as of December 31, 2025. The AFL Group now has 1,271 members, including 227 new local authorities, which joined the AFL Group during the past financial year.

As of December 31, 2025, the net banking income (NBI) generated by the activity stands at €29,566K compared to €22,488K for the 2024 financial year. This strong 31% increase in NBI in the French accounting framework is explained by the following elements:

- A marked increase in the net interest margin from €23,818K as of December 31, 2024 to €25,992K as of December 31, 2025, and which is explained by the increase in interest income generated by the increase in outstanding loans which have now reached €10 billion.
- An increase in net fees, which rose to €325K as of December 31, 2025, compared to €227K as of December 31, 2024;
- Gains on the disposal of investment securities arising from the management of the liquidity reserve, which increased to €519K, compared to €493K as of December 31, 2024; and
- A significant reversal of impairment losses on securities amounting to €2,718K as of December 31, 2025, compared to an impairment charge of €2,066K as of December 31, 2024, due to the sharp decline in unrealized losses, following the stabilization of credit spreads on investment portfolio securities. This situation results from the decrease in volatility observed in 2025 in the capital markets.

In detail, the net interest margin of €25,992K comes from three elements:

- €271.9 million in net interest income from hedging instruments, on outstanding loans for the 2025 financial year compared to €322.1 million in 2024. This change is the result of the decrease in the average fixing of the 3-month Euribor rate in 2025 compared to 2024, to which the outstanding loan portfolio is indexed, even as the latter has increased significantly.
- €56.4 million in net interest income from hedging instruments on the liquidity and collateral management reserve assets in 2025, compared to €98.2 million in interest expenses in 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 for a slightly lower outstanding liquidity position. However, it should be noted that the cost of carrying liquidity has improved compared to 2024, due to a reduction in the amount of deposits in favor of short-term debt securities.
- Finally, €302.3 million in net interest charges from hedging instruments, on the outstanding debt that AFL carries on its balance sheet, compared to €396.5 million in interest charges in 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, and this despite the recognition of interest on the perpetual subordinated debt securities issued at the end of 2024, as well as the increase in the outstanding debt.

As of December 31, 2025, general operating expenses amounted to €16,343K, compared to €14,745K a year earlier. These expenses include personnel costs of €7,813K, compared to €7,192K for the previous year, and administrative expenses of €8,530K, compared to €7,553K as of December 31, 2024, once re-invoicing between AFL and AFL-ST has been deducted.

The change in administrative expenses is explained by the following factors:

- External services, net of recharges between AFL and AFL-ST, increased to €8,006K as of December 31, 2025, compared to €7,036K as of December 31, 2024. The increases stem mainly from IT system operating costs and a rise in consulting fees and service provider expenses across AFL's various business lines.
- Taxes and mandatory contributions remained stable at €524K, compared to €517K for the previous financial year. The main component of this item is the Social Solidarity Contribution for Corporations (C3S), amounting to €381K, compared to €398K for 2024.

The result as of December 31, 2025 takes into account depreciation charges which amount to €1,135K compared to €1,191K for 2024. These depreciations reflect an investment policy that AFL wishes to be consistent and ambitious across its entire IT infrastructure, yet compatible with the size of its teams and available resources. The investments made in 2025 covered the adaptation of the loan chain, the data lake, the third-party database, and the development of regulatory reports. In 2025, the amount of investments made was slightly lower than initially planned, thus leading to this stability in depreciation and amortization charges.

After depreciation and amortization, gross operating income as of December 31, 2025 stands at €12,088K compared to €6,552K for the previous year. This increase is reflected in the income tax expense, which rose from €772K in 2024 to €1,448K in 2025. After accounting for this tax, net income stood at €10,640K, representing a significant increase compared to the €5,780K of the previous financial year. This performance is mainly explained by the growth in the outstanding loan portfolio and by the reversal of impairment losses on investment portfolio securities, as previously highlighted.

Subsequent events

No significant subsequent events likely to have an impact on the accounts presented have occurred since the beginning of the 2026 financial year.

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

The annual financial statements of Agence France Locale have been prepared and are presented in accordance with the provisions of Regulation No. 2014-07 of the French Accounting Standards Authority (ANC) relating to the financial statements of companies in the banking sector. ANC Regulation 2023-03 aligned ANC Regulation No. 2014-07 with ANC Regulation 2022-06 on the "modernization of financial statements."

Agence France Locale began applying ANC Regulation 2023-03 as of January 1, 2025. The impact of this new regulation on the annual financial statements is very limited. It is confined to the elimination of the expense transfer technique, the effects of which are detailed in Note 16 - GENERAL OPERATING EXPENSES.

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

Loans and advances to banks and to customers

Loans and advances to banks include all loans connected with banking operations except for those materialized by a security. They are broken down into sight accounts and term accounts.

Loans and advances to customers comprise loans granted to local governments. The undrawn portion of signed loan agreements is recorded as an off-balance sheet item.

Interest on loans is recorded as Interest income prorata temporis for accrued amounts as is interest on past-dues.

Premiums paid on credit acquisitions are included in the amount of the principal repurchased and are therefore recognized in "Loans and advances to customers". In accordance with the Règlement 2014-07, these marginal transaction costs are spread over the life of the loans through the calculation of a new effective interest rate.

Doubtful loans

Loans and receivables to customers are classified as doubtful if they carry an identified credit risk arising from one of the following events:

- The loan or advance is in default for at least 90 days;
- The borrower's financial position is such that an identified risk exists regardless of whether the loan or advance is in arrears,
- The bank and borrower are in legal proceedings.

By applying the contagion principle, all of the outstanding amounts of the same borrower are downgraded to doubtful loans as soon as a receivable from this holder is downgraded within AFL.

Compromised non-performing loans are loans to borrowers whose recovery outlook is so downgraded that they are written off. Loans unpaid for more than one year are recorded in this category. Interest on these loans no longer contributes to the interest margin once they have been transferred to the category of compromised nonperforming loans.

Impairment charges are recognized for non-performing and compromised non-performing loans. Risk management determines the percentage of impaired capital in function of expected losses. Interest income is fully impaired. Impairment charges and reversals for credit risk are recognized as Cost of risk as well as the losses on non-recoverable loans and recoveries on amortized loans.

All default must have been settled, no default must therefore persist at the time of leaving the classification in doubtful.

A probation period of 6 months begins when all the conditions for the issue of default are met and the return to normal has been decided by the Credit Committee.

During the probationary period payments must resume regularly and without delay, an unpaid amount immediately causes the return in Doubtful loans.

The Credit Committee examines and validates the exit from the Doubtful loans classification.

Tangible and Intangible fixed assets

Agence applied CRC 2002-10 of 12 December 2002 relating to the amortization and impairment of assets and CRC 2004-06 on the recognition and measurement of assets, with the exception of costs relating to first establishment of the Local Agency France that have been recognized in balance sheet like intangible assets, as permitted by Article R.123-186 the Code de commerce.

The acquisition cost of fixed assets includes, besides the purchase price, incidental costs which are charges linked directly or indirectly to the acquisition for the use or for the state entry in the assets of the company.

Software acquired are recognized in gross value at acquisition cost.

IT costs are recognized in assets when they meet the conditions required by Regulation N° 2004-06, i.e. whether all the expenses are incurred for the establishment of the information system.

Tangible and intangible assets are amortized over their estimated useful lives, with the exception of Start-up costs, which are amortized over a maximum period of 5 years, as permitted by the Code de Commerce (Article R.123-187).

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs.

Fixed assets are amortised over their estimated useful lives in the following manner:

Fixed asset	Estimated useful life
Start-up costs	5 years
Software	5 years
Website	3 years
Fixtures and fittings	15 years
Computer equipment	5 years
Office furniture	3 or 9 years
Software development	5 years

The amortization method is straight-line.

Securities portfolio

Accounting policies for securities transactions are defined by CRB regulation 90-01 as amended by CRC Regulations 2005-01, 2008-07 and 2008-17 endorsed by Regulations 2014-07 and by CRC Regulation 2005-03 for the determination of credit risk and impairment of fixed-income securities, endorsed as well by Regulations 2014-07.

Securities are presented in the financial statements according to their type:

"Government and public securities" for Treasury bills and similar securities,

"Bonds and other fixed income securities" for notes and interbank debt instruments, shares and other income securities variable

"Equities and other variable income securities"

The item "Government and public securities" includes debt securities issued by public sector entities that may be refinanced through the European System of central banks.

They are classified in portfolios defined by regulation (trading, investment securities, placement securities, long term equities investment, medium term portfolio, other long term equity investments and investments in subsidiaries and affiliates), depending on the initial intention for holding the securities at the time they were acquired.

Placement securities

Securities that do not fit in any existing category are recognized as placement securities.

Placement securities are recorded at acquisition cost including fees.

. Bonds and other fixed income securities:

These securities are recognised at acquisition cost excluding interest accrued at the acquisition date. Accrued interest at the date of acquisition is recorded separately as "Accrued interest". The difference between the purchase price and the redemption value is spread over the remaining life of the security on an actuarial basis.

Interests on these securities are recorded in Income statement as "Interest income on bonds and fixed income securities".

At the end of the reporting period, in application of the principle of prudence, placement securities are recorded on the balance sheet at their acquisition cost or selling price at the end of the reporting period, whichever is lower, after accounting, when relevant, for the value of the micro-hedge swap.

Excluding counterparty risk, when the decrease in the value of the security exceeds the unrealized gain on the micro-hedge, the decrease in net value is recorded in Net gains (losses) on placement portfolio as loss or gain on sales.

If the decrease in the value of the security arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with ANC regulation 2014-07 on credit risk.

If appropriate, Impairment intended to take into account counterparty risk and recognised under the cost of risk is booked on fixed income securities as follows:

. in the case of listed securities, impairment is based on market value, which intrinsically reflects credit risk. However, if Agence has specific information on the issuer's financial position that is not reflected in the market value, a specific impairment loss is recorded;

. in the case of unlisted securities, impairment is recorded in the same way as on loans and receivables to customers based on identified probable losses.

. Equities and other variable-income securities:

Equities are recognised on the balance sheet at their purchase price including transaction expenses. The associated dividends are recorded as income under "Income from variable-income securities".

Income from mutual funds is recognised when received under the same heading.

At each reporting date, short term investment securities are measured at the lower of acquisition cost and market value. If the current value of an item or a homogeneous set of securities (calculated from market prices at the reporting date, for example) is lower than its carrying amount, an impairment loss is recorded for the unrealised loss without being offset against any gains recognised on other categories of securities.

Investment securities

Investment securities are fixed income securities with a fixed maturity date that have been acquired or transferred to this category with the manifest intention of holding them until maturity.

This category only includes securities for which Agence has the necessary financial ability to continue holding them until maturity and that are not subject to any legal or other restriction that could interfere with its intention to hold them until maturity.

Securities considered as Investment securities are recorded on the date of purchase at acquisition clean price including fees. Accrued interest at the date of acquisition is recorded separately as "Accrued interest". Interest on these securities is recorded in income as "Interest income on bonds and fixed income securities".

The difference between the purchase price and the redemption value is spread over the remaining life of the security on an actuarial basis.

Impairment is not booked for long term investment securities if their market value falls below cost. On the other hand, if the impairment arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with CRC regulation 2002-03 on credit risk.

In the case of the sale or reclassification to another category of long term investment securities and representing a material amount, during the current financial year and the next two financial years, the reporting entity is no longer authorised to classify securities previously bought and to be bought as long term investment securities, in accordance with CRC regulation 2005-01, except in the special cases provided by that regulation and by CRC regulation 2008-17.

Market price

The market price at which the various categories of securities are measured is determined as follows:

- Securities traded on an active market are measured at the latest price;
- If the market on which the security is traded is not or no longer considered active or if the security is unlisted, Agence determines the likely value at which the security concerned would be traded using valuation techniques. Firstly, these techniques take into account recent transactions carried out in normal competition conditions. If required, Agence uses valuation techniques commonly used by market participants to price these securities, when it has been demonstrated that these techniques provide reliable estimates of prices obtained in actual market transactions.

Recording date

Agence records securities classified as investment securities on the settlement date. Other securities, regardless of type or classification, are recognised on the trading date.

Disclosures on Placement securities and Investment securities

The Regulation CRC 2000-03, Appendix III, paragraph 1. 1.2, supplemented by Regulation No. 2004-16 of 23 November 2004 and Regulation CRC No. 2005-04 requires credit institutions to provide:

- A breakdown of Investment portfolio and Placement portfolio, public bills and similar securities, bonds and other fixed-income securities.
- For Placement securities, the amount of unrealized gains corresponding to the difference between the market value and acquisition cost is disclosed. The amount of unrealized gains on Placement securities subject to a provision in the balance sheet as well as investment securities unrealized losses not subject to provision.

Debt due to banks

Debt due to banks is broken down according to the initial maturity (sight or term debt).

Repurchase agreements (represented by certificates or securities) are included under these type according to the initial maturity. Accrued interest on these deposits is recognised under accrued interest and taken to profit and loss.

Debt securities issued

These debt securities are recorded at nominal value. Redemption and issue premiums are amortized on an actuarial basis over the maturity of the securities prorata temporis. They are recorded on the balance sheet in the same categories as the corresponding debt. Amortization of these premiums is recorded in the income statement as "Interest expense on bonds and other fixed income securities".

If bonds are issued above par, amortization of issue premiums is deducted from interest expense on bonds and other fixed income securities. Interest on bonds is recorded as Interest expense for accrued amounts calculated prorata temporis. Bond issue costs and commissions are amortized on an actuarial basis over the maturity of the related loans.

Derivative transactions

Agence engages in derivative transactions to hedge the interest rate and foreign exchange risks to which it is exposed in its activity.

Depending on their purpose, these transactions are assigned to micro-hedge or macro-hedge portfolios in accordance with CRB regulations 88-02 and 90-15 endorsed by ANC Regulations 2014-07. Valuation methods and accounting principles are determined according to the portfolio to which they are assigned.

Micro-hedge transactions

Transactions are booked as micro-hedges when they are designed to hedge against the interest rate risk related to an item or set of homogeneous items identified from the start. They involve swaps used to hedge issues of debt securities, fixed-income securities recognised as placement securities and loans and advances to customers.

Macro-hedge transactions

This category includes transactions designed to hedge and manage the Company's overall exposure to interest rate risk on assets, liabilities and off-balance sheet items, excluding micro-hedge transactions.

The reduction measurement of the Company's global interest rate risk is done by making a sensitivity analysis of macro-hedge portfolios.

Hedging transactions accounting

Expense and income on these transactions are recorded in the income statement in the same way income and expense on the hedged item or set of homogeneous items are recorded.

Expense and income on these transactions are recorded in the income statement prorata temporis respectively as Interest expense or Interest income.

Unrealised gains and losses on derivatives valuation are not recorded.

Payments at the inception of hedging derivatives are recorded in other assets and other liabilities and amortized over their maturity according to an actuarial method.

In the event of early reimbursement or the sale of the hedged item, or early repayment within the framework of the renegotiation of the hedged item, the termination fee received or paid because of the early interruption of the hedging instrument is recorded in the income statement if the hedging instrument has been cancelled.

Currency transactions

In accordance with ANC regulation 2014-07, AFL accounts for transactions in currencies in open accounts in each currency.

Foreign exchange position and currency exchange rate accounts are opened in each currency.

At each reporting date, the differences between the amounts resulting from the valuation of the foreign exchange position accounts at the market price on the closing date and the amounts entered in currency exchange rate accounts are recorded in the income statement.

Currency hedging transactions

As part of hedging its foreign exchange risk, AFL contract cross currency swaps. These operations are set up in order to eliminate at inception the risk of a change in currency rate related to an asset or a liability. This is mainly the hedging of debts issued by AFL in foreign currency.

The accounting principle used to recognize the result of the foreign exchange transactions of Cross currency swaps is to recognize in income prorata temporis over the duration of the contract, the interest rate gap between the forward and the spot currency rate.

Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities, and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses on receivables, and the recovery of amortised receivables.

Provisions

Agence applies CRC regulation 2000-06 on liabilities relating to the recognition and measurement of provisions falling within the scope of this regulation.

Provisions are recorded at present value when the three following conditions are met:

- Agence has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources representing economic benefits will be required to settle the obligation;
- A reliable estimate of the amount of the obligation can be made.

Tax consolidation

Since January 1, 2015, the Agence belongs to the tax group headed up by Agence France Locale - Société Territoriale. This entity pays the total income tax owed by the group. The Agence records in its accounts the amount of tax for which it would be liable if it were not a member of the tax group. Tax savings realized by the tax group are recorded in the accounts of Agence France Locale - Société Territoriale.

Post-employment benefits

Agence has applied ANC recommendation 2013-02 of 7 November 2013 relating to the measurement and recognition of retirement and similar benefit obligations.

In accordance with this recommendation, Agence sets aside provisions to cover its retirement and similar benefit obligations falling within the category of defined-benefit plans.

These obligations are stated on the basis of actuarial, financial and demographic assumptions, and in accordance with the projected unit credit method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

The entity has opted for method 2 in recommendation 2013-02 which allows in particular for the recognition of gains or losses arising from changes to defined-benefit plans when the curtailment or settlement occurs.

The entity elected to immediately recognise the actuarial gains or losses in profit or loss over the expected average remaining working lives of the employees participating in the scheme. Accordingly the amount of the provision is equal to:

- the present value of the obligation to provide the defined benefits at the reporting date, calculated in accordance with the actuarial method advised by the recommendation;

- plus any actuarial gains (less any actuarial losses) not recognized,

- less, where applicable, the fair value of plan assets. These may be represented by an eligible insurance policy. In the event that the obligation is fully covered by such a policy, the fair value of the policy is deemed to be the value of the corresponding obligation, i.e. the amount of the corresponding actuarial liability.

The recommendation also allows for the recognition of actuarial gains and losses using the "corridor method" or any other method that results in faster recognition in profit or loss.

Identity of the parent company consolidating the accounts of the Agence as of December 31, 2024

Agence France Locale – Société Territoriale

41, quai d'Orsay 75 007 Paris

IV - Notes to the Balance Sheet

Note 1 - PORTFOLIO

(€ '000s)

31/12/2025	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	1,090,387	184,106		1,274,494
Unlisted securities				
Accrued interest	9,738	1,199		10,937
Impairment	(3,927)	(452)		(4,379)
Net carrying amount	1,096,198	184,853	-	1,281,051
Residual net Premium/Discount	(27,939)	(3,658)		(31,597)
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	Total
							31/12/2025	31/12/2024
Government paper and similar securities								
Net amount	6,812	5,855	541,743	532,050	1,086,460	9,738	1,096,198	1,106,035
NET CARRYING AMOUNT	6,812	5,855	541,743	532,050	1,086,460	9,738	1,096,198	1,106,035
Bonds and other fixed Income securities								
Net amount	39,914		113,142	30,598	183,654	1,199	184,853	158,110
NET CARRYING AMOUNT	39,914	-	113,142	30,598	183,654	1,199	184,853	158,110

Analysis by type of portfolio

Portfolio	Gross amount	Additions	Disposals	Transfers and other movements	Prem/Disc Amort.	Change in accrued interest	Impairment	Total	Unrealized gains/(losses)
								31/12/2025	
(€ '000s)									
Transaction	31/12/2024								
Held-for-sale	788,736	718,523	(772,131)	(964)	5,257	866	2,591	742,877	(25,406)
Investment	475,410	91,850	(27,723)	(5,667)	4,179	(1)	126	538,174	(12,626)
NET CARRYING AMOUNT	1,264,146	810,373	(799,854)	(6,631)	9,436	865	2,718	1,281,051	(38,031)
Of which Premium/Discount	(20,138)	(19,898)	(911)	(86)	9,436			(31,597)	

Note 2 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	31/12/2025	31/12/2024
Mandatory reserve deposits with central banks	741,897	485,873
Other deposits		
Cash and central banks	741,897	485,873

Receivables on credit institutions

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued Interest	Total	Total
							31/12/2025	31/12/2024
Credit Institutions								
Loans and receivables								
- demand	108,347				108,347	175	108,522	133,668
- time	60,000				60,000	225	60,225	60,297
Securities bought under repurchase agreements								
TOTAL	168,347	-	-	-	168,347	399	168,747	193,965
Impairment								
NET CARRYING AMOUNT	168,347	-	-	-	168,347	399	168,747	193,965

Note 3 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued Interest	Total	Total
							31/12/2025	31/12/2024
Credit Institutions								
Accounts and Overdrafts								
- demand	2				2		2	0.2
- time								
Securities sold under repurchase agreements								
TOTAL	2	-	-	-	2	-	2	0.2

Note 4 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	31/12/2025	31/12/2024
Short-term credit facilities	198,685	64,148
Other loans	9,721,301	8,510,408
Customers transactions before Impairment charges	9,919,985	8,574,556
Impairment		
Net carrying amount	9,919,985	8,574,556
<i>Of which related receivables</i>	27,664	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

(€ '000s)	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued Interest	Total
								31/12/2025
Loans and advances to customers	351,479	221,292	534,719	2,783,066	6,001,766	9,892,321	27,664	9,919,985

Note 5 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible assets	31/12/2024	Additions	Transfers	Disposals	Amort.	Impairments	Other movements	31/12/2025
Intangible assets	15,707	641						16,348
Start-up costs	-							-
IT development costs	15,544	641						16,186
Web site	163							163
Software	-							-
Intangible assets in progress	76	1522						1,598
Intangible assets amortisation	(13,297)				(1,065)			(14,362)
Net carrying amount	2,485	2,163			(1,065)			3,584

Property, plant & equipment	31/12/2024							31/12/2025
Property, plant & equipment	530	77		(9)				599
Tangible assets in progress	-							-
Tangible assets amortization	(332)			9	(70)			(393)
Net carrying amount	199	77		-	(70)			206

Note 6 - OTHER ASSETS AND ACCRUALS

(€ '000s)	31/12/2025	31/12/2024
Other assets		
Cash collateral paid	66,805	56,123
Other assets	604	1,192
Impairment		
Net carrying amount	67,410	57,315
Accruals		
Deferred charges on bond issues	96,310	78,245
Deferred charges on hedging transactions	45,876	40,425
Prepaid charges	1,152	868
Accrued interest not yet due on hedging transactions	143,757	125,475
Other deferred income	197	12
Other accruals	14,203	38,315
TOTAL	301,495	283,340

Note 7 - DEBT SECURITIES

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued Interest	Total	Total
							31/12/2025	31/12/2024
Negotiable debt securities		102,500			102,500		102,500	100,000
Bonds		675,000	4,457,565	6,328,751	11,461,315	127,879	11,589,194	10,061,673
Other debt securities					-		-	-
TOTAL	-	777,500	4,457,565	6,328,751	11,563,815	127,879	11,691,694	10,161,673

Note 8 - OTHER LIABILITIES and ACCRUALS

(€ '000s)	31/12/2025	31/12/2024
Other liabilities		
Cash collateral received	256,397	211,736
Miscellaneous creditors	12,330	5,124
TOTAL	268,727	216,860
Accruals		
Transaction to pay and settlement accounts		10
Premium EMTN issue	13,333	18,835
Unrealised gains on hedging instruments	106,126	94,520
Unearned income	456	471
Accrued expenses on hedging instruments	52,028	56,221
Other accrued expenses		
Other accruals	35,283	28,662
TOTAL	207,227	198,719

Note 9 - PROVISIONS

(€ '000s)	Balance as of 31/12/2024	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 31/12/2025
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 31/12/2025	Total 31/12/2024
Subordinated term debts					-		-	-
Perpetual subordinated debts ⁽¹⁾				50,000	50,000	136	50,136	50,136
TOTAL	-	-	-	50,000	50,000	136	50,136	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 ⁽¹⁾		
Balance as of 31/12/2024	241,069		-	-	-	-	-	5,780	246,849
Dividend paid for 2024									
Change in share capital	21 460 ⁽²⁾								21,460
Change in share premium and reserves									
Allocation of 2024 net profit		289					5,491	(5,780)	
Net income as of 31/12/2025								10,640	10,640
Other changes									
Balance as of 31/12/2025	262,530	289	-	-	-	-	5,491	10,640	278,950

(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 of June 27, 2024.

(2) The share capital of Agence France Locale which amounts as of December 31, 2025 to € 262,529,773.74 consists of 2,786,418 shares. The Company carried out four capital increases during the year 2025 subscribed on 13th March for € 9,100K, on 18th June 2025 for €8,480K, on 4th November for € 1,681K and on 31st December for € 2,200K.

Note 12 - DERIVATIVES

Outstanding notional and Fair value

	31/12/2025				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
(€ '000s)								
FIRM TRANSACTIONS	20,846,585	190,838	196,000	(1)	18,833,255	157,660	288,000	3
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	20,846,585	190,838	196,000	(1)	18,833,255	157,660	288,000	3
Interest rate contracts	19,364,954	218,900	196,000	(1)	17,116,561	170,942	288,000	3
FRA								
Cross Currency Swaps	1,481,631	(28,062)			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								
Credit derivatives								
Other options								

Amount of micro-hedge transaction as of 31/12/2025 19,034,265 (€ '000s)
Amount of macro-hedge transaction as of 31/12/2025 1,812,320 (€ '000s)
Amount of trading transaction as of 31/12/2025 196,000 (€ '000s)

Notional amount by maturity

	31/12/2025					
	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
(€ '000s)						
FIRM TRANSACTIONS	1,826,771	5,840,019	13,179,795	50,000	106,000	40,000
Organised markets	-	-	-	-	-	-
Interest rate contracts						
Other contracts						
Over-the-counter markets	1,826,771	5,840,019	13,179,795	50,000	106,000	40,000
Interest rate contracts	1,814,018	4,823,059	12,727,876	50,000	106,000	40,000
FRA						
Cross Currency Swaps	12,753	1,016,960	451,918			
Other contracts						
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-
Exchange rate options						
Other options						
Over-the-counter markets	-	-	-	-	-	-
Caps, floors						
Foreign currency option						
Credit 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

(€ '000s)	31/12/2025	31/12/2024
Interest and similar Income	367,560	457,737
Due from banks	20,851	55,569
Due from customers	263,969	298,968
Bonds and other fixed income securities	40,194	47,199
<i>from Held-for-sale securities</i>	<i>25,096</i>	<i>30,602</i>
<i>from Investment securities</i>	<i>15,098</i>	<i>16,598</i>
Macro-hedge transactions	37,087	46,439
Other interest income	5,458	9,561
Interest and similar expenses ⁽¹⁾	(341,567)	(433,919)
Due to banks	(4,665)	(4,571)
Debt securities	(302,252)	(396,481)
Macro-hedge transactions	(29,206)	(23,318)
Other interest expenses	(5,444)	(9,549)
Interest margin	25,992	23,818

⁽¹⁾ As of December 31, 2025, the net interest and similar charges on subordinated debt amounted to €3,569K, compared to €139K as of December 31, 2024.

Note 14 - NET FEE AND COMMISSION INCOME

(€ '000s)	31/12/2025	31/12/2024
Commission income	527	441
Interbank transactions		
Customer transactions	527	441
Securities transactions		
Forward financial instruments transactions		
Currencies transactions		
Financing commitments and guarantee		
Other commissions recieved		
Commission expenses	(202)	(215)
Interbank transactions	(25)	(42)
Securities transactions		
Forward financial instruments transactions	(177)	(172)
Currencies transactions		
Financing commitments and guarantee		
Other commissions paid		
Net fee and commission Income	325	227

Note 15 - ANALYSIS OF GAINS AND LOSSES ON PORTFOLIO TRANSACTIONS

(€ '000s)	31/12/2025	31/12/2024
Gains/(losses) on Trading book		
Gains/(losses) on forward financial instruments	1,524	44
Gains/(losses) on foreign currency transactions	12	4
Gains or (losses) on trading portfolio	1,536	48
Gains/(losses) from disposal of held-for-sale securities	(1,005)	461
Other income/(expenses) from held-for-sale securities		
Impairment (charges) and reversals on held-for-sale securities	2,718	(2,066)
Gains or (losses) on held-for-sale portfolio	1,713	(1,604)

Note 16 - GENERAL OPERATING EXPENSES

(€ '000s)	31/12/2025	31/12/2024
Employee expenses		
Wages and salaries	5,038	4,689
Post-employment benefit expenses	510	450
Other expenses	2,265	2,052
Total Employee expenses	7,813	7,192
Operating expenses		
Taxes and duties	524	517
External services	8,197	7,220
Total Administrative expenses	8,721	7,737
Charge-backs	(191)	(184)
Total General operating expenses	16,343	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, in accordance with the new regulations, the AFL no longer applies the expense transfer technique. Therefore, amounts that were previously subject to expense transfer are now directly recorded as a reduction in the expense accounts to which they relate.

The AFL has chosen to apply ANC Regulation No. 2022-06 retroactively, resulting in adjustments whose impact on the notes relating to general operating expenses is as follows as of December 31, 2024:

(€ '000s)	31/12/2024 Published	Restatement of reclassification of administrative expenses in accordance with Regulation No. 2022-06	31/12/2024 Restated
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

(€ '000s)	31/12/2025	31/12/2024
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 - STAFF

	31/12/2025	31/12/2024
Director (corporate officer)	1	1
Managers	44	39
Technicians & employees		
Apprentices and professional training contracts	3	4
Average staff during the year	48	44
Staff at year-end	50	46

Note 19 - REMUNERATIONS

Remuneration for Board of AFL and the Group's Director:

Neither members of AFL Board nor Group's Director benefited from a payment in actions in conformance with the exercise 2025 and a compensation was settled because of termination of contract of employment. No other long-term advantage was granted to them.

Their Director's remunerations on the exercise 2025 were the following ones :

(€ '000s)	31/12/2025
Fixed remuneration	1,096
Variable remuneration	181
Payments in kind	33
Total	1,310

Members of the AFL Supervisory Board received €239k attendance fees.

Note 20 - EXTERNAL AUDITOR FEES

	Callau Dedoult et Associés		KPMG Audit	
	2025	2024	2025	2024
	(€ '000s)	(€ '000s)	(€ '000s)	(€ '000s)
Audit				
Fees related to statutory audit, certification, examination of:				
AFL-Société Opérationnelle	101	121	104	121
Sub-total	101	121	104	121
Other fees and benefits (*) :				
AFL-Société Opérationnelle	29	22	24	22
Sub-total	29	22	24	22
TOTAL	131	144	128	144

(*) Other fees and benefits are related to issue prospectus audit, capital increases, reliance letter and to the consultation regarding a potential company acquisition

Note 21 - INCOME TAX CHARGE

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

Note 22 - RELATED PARTIES

As of December 31, 2025, there are two administrative service agreements with the Société Territoriale and AFL-Foncière, the new subsidiary, as well as a trademark license agreement and a lease for professional premises, which were entered into between Agence France Locale and Agence France Locale - Société Territoriale, under normal market conditions.



KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

CAILLIAU DEDOUIT *et Associés*

CAILLIAU DEDOUIT et ASSOCIES

19 rue Clément Marot
75008 PARIS
France

Agence France
Locale S.A.
Statutory auditors' report on the financial statements

For the year ended 31 December 2025
Agence France Locale S.A.
112 rue Garibaldi - 69006 Lyon

KPMG S.A.
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2 Avenue Gambetta
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92066 Paris la Défense Cedex
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75008 PARIS
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This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Agence France Locale S.A.

Registered office : 112 rue Garibaldi - 69006 Lyon

Statutory Auditors' Report on the Financial Statements

For the year ended 31 December 2025

To the General Meeting of Agence France Locale S.A.,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Agence France Locale S.A. for the year ended 31 December 2025.

In our opinion, the financial statements give a true and fair view of the results of operations for the year ended and of the financial position and assets of the Company as at 31 December 2025 in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are described in the section "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" of this report

Independence

We conducted our audit engagement in compliance with independence rules applicable to us and provided for by the French Commercial Code and the French Code of Ethics for statutory auditors, for the period from 1 January 2025 to the date of our report, and we did not provide any prohibited services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Observation

We draw your attention to section “III – Accounting Principles, Rules and Methods” of the financial statements, which describes the change in accounting policy related to the first-time application of ANC Regulations No. 2022-06 and No. 2023-03.

Justification of Assessments – Key Audit Matters

In accordance with Articles L.821-53 and R.821-180 of the French Commercial Code, relating to the justification of our assessments, we inform you that we have no key audit matters to communicate in our report relating to risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period.

Specific Verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and in other documents with respect to the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents with respect to the financial position and the financial statements provided to shareholders.

With respect to the information relating to payment terms referred to in Article D.441-6 of the French Commercial Code, we make the following observation:

As indicated in the management report, this information does not include banking and related operations, which the Company considers outside the scope of the required disclosure.

Report on Corporate Governance

We attest that the corporate governance section of the Supervisory Board’s report contains the disclosures required by Article L.225-37-4 of the French Commercial Code.

Other Legal and Regulatory Verifications and Information***Appointment of the Statutory Auditors***

We were appointed as statutory auditors of Agence France Locale S.A. by your Annual General Meeting held on 17 December 2013.

As of 31 December 2025, KPMG S.A. and Cailliau Dedouit et Associés were in their 12th year of total uninterrupted engagement, which are the 11th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for implementing internal control as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, and, where applicable, internal audit, as they relate to the accounting and financial reporting process.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore :

- Identifies and assesses the risks of material misstatement, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control ;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements ;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If such uncertainty exists, the auditor draws attention in the report to the related disclosures in the financial statements or modifies the opinion if such disclosures are not adequate ;
- Evaluates the overall presentation of the financial statements and assesses whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit, the audit program implemented, and the results of our audit. We also report any significant deficiencies in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No 537/2014 confirming our independence, as defined by French law, in particular Articles L.821-27 to L.821-34 of the French Commercial Code and the French Code of Ethics for statutory auditors. Where applicable, we discuss with the Audit Committee any risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, March 25th, 2026

Paris, March 25th, 2026

The Statutory Auditors
French original signed by

Sophie Meddouri
Partner

Sandrine Le Mao
Partner

AGENCE FRANCE LOCALE

Consolidated annual financial statements (IFRS)

BALANCE SHEET

Assets as of December 31, 2025

(€ '000s)	Notes	31/12/2025	31/12/2024
Cash, central banks	5	741,855	485,842
Financial assets at fair value through profit or loss	1	4,577	6,056
Hedging derivative instruments	2	663,081	676,072
Financial assets at fair value through other comprehensive income	3	721,498	763,359
Securities at amortized cost	4	527,652	465,424
Loans and receivables due from credit institutions and similar items at amortized cost	5	235,782	250,468
Loans and receivables due from customers at amortized cost	6	9,485,341	8,247,330
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			
Deferred tax assets	7	1,490	4,354
Accruals and other assets	8	3,029	4,422
Intangible assets	9	3,055	1,496
Property, plant and equipment	9	11,610	10,788
Goodwill			
TOTAL ASSETS		12,398,971	10,915,611

Liabilities as of December 31, 2025

(€ '000s)	Notes	31/12/2025	31/12/2024
Central banks			
Financial liabilities at fair value through profit or loss	1	4,578	6,054
Hedging derivative instruments	2	475,227	518,313
Debt securities	10	11,225,502	9,817,977
Due to credit institutions	11	256,399	211,737
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		105,002	57,527
Current tax liabilities			
Deferred tax liabilities	7	46	1,621
Accruals and other liabilities	12	6,257	5,765
Provisions	13	164	162
Equity		325,795	296,454
Equity, Group share		325,795	296,454
Share capital and reserves		262,530	241,069
Consolidated reserves		55,185	53,296
Gains and losses recognised directly in equity		(2,722)	(3,301)
Profit (loss) for the period		10,802	5,390
Non-controlling interests			
TOTAL LIABILITIES		12,398,971	10,915,611

Income statement

(€ '000s)	Notes	31/12/2025	31/12/2024
Interest and similar income	15	367,509	457,728
Interest and similar expenses	15	(338,001)	(433,783)
Fee & Commission Income	16	527	441
Fee & Commission Expense	16	(202)	(215)
Net gains (losses) on financial instruments at fair value through profit or loss	17	1,890	(747)
Net gains or losses on financial instruments at fair value through other comprehensive income	18	(1,005)	461
Net gains and losses on derecognition of financial assets at amortised cost			
Income on other activities			
Expenses on other activities			
NET BANKING INCOME		30,718	23,886
Operating expenses	19	(16,852)	(14,816)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(601)	(1,252)
GROSS OPERATING INCOME		13,265	7,818
Cost of risk	20	37	(378)
OPERATING INCOME		13,303	7,440
Net gains and losses on other assets	21		(1)
INCOME BEFORE TAX		13,303	7,439
Income tax	22	(2,501)	(2,049)
NET INCOME		10,802	5,390
Non-controlling interests			
NET INCOME GROUP SHARE		10,802	5,390
Basic earnings per share (in EUR)		3.88	2.11
Diluted earnings per share (in EUR)		3.88	2.11

Net income and other comprehensive income

(€ '000s)	31/12/2025	31/12/2024
Net income	10,802	5,390
Items will be reclassified subsequently to profit or loss	3,632	(3,082)
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	4,885	(4,148)
Other items recognized through other comprehensive income recyclable to income		
Related taxes	(1,254)	1,067
Elements not recyclable in profit or loss	(3,053)	3,828
Revaluation in respect of defined benefit plans		(3)
Revaluation of financial assets at fair value through to equity	(4,070)	5,109
Other items recognized through other comprehensive income not recyclable to income		
Related taxes	1,018	(1,277)
Total gains and losses recognized directly in equity	579	746
COMPREHENSIVE INCOME	11,381	6,136

Consolidated statement of changes in equity

(€ '000s)	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				
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 deeply subordinated 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	21 460 ⁽²⁾									21,460		21,460
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeply subordinated notes			(3,500)							(3,500)		(3,500)
Allocation of profit 2024			5,390						(5,390)			
Dividends 2024 paid												
Other movements												
Sub-total of changes linked to transactions with shareholders	21,460	-	1,890	-	-	-	-	-	(5,390)	17,960	-	17,960
Changes in fair value through equity					4,566					4,566		4,566
Change in value of through profit or loss					319					319		319
Revaluation of financial assets at fair value through not recyclable equity								(4,070)		(4,070)		(4,070)
Changes in actuarial gains on retirement benefits												
Related taxes					(1,254)			1,018		(236)		(236)
Changes In gains and losses recognized directly In equity	-	-	-	-	3,632	-	-	(3,053)	-	579	-	579
31 December 2025 Net income								10,802		10,802		10,802
Sub-total	-	-	-	-	3,632	-	-	(3,053)	10,802	11,381	-	11,381
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 31 December 2025	262,530	-	5,744	49,441	(2,573)	-	-	(149)	10,802	325,795	-	325,795

(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 of June 27, 2024.

(2) The share capital of Agence France Locale which amounts as of December 31, 2025 to € 262,529,773.74 consists of 2,786,418 shares. The Company carried out four capital increases during the year 2025 subscribed on 13th March for € 9,100K, on 18th June 2025 for €8,480K, on 4th November for € 1,681K and on 31st December for € 2,200K.

Cash flow statement

(€ '000s)	31/12/2025	31/12/2024
Net income before taxes	13,303	7,439
+/- Net depreciation and amortisation of tangible and intangible non-current assets	601	1,252
+/- Net provisions and impairment charges	(37)	403
+/- Expense/income from investing activities	(22,402)	(16,618)
+/- Expense/income from financing activities	(16,258)	(51,053)
+/- Other non-cash items	(24,323)	(18,296)
= Non-monetary items included in net income before tax and other adjustments	(62,419)	(84,312)
+/- Cash from interbank operations		
+/- Cash from customer operations	(1,342,631)	(1,556,758)
+/- Cash from financing assets and liabilities	72,958	161,080
+/- Cash from not financing assets and liabilities	6,072	(2,586)
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(1,263,600)	(1,398,264)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	(1,312,717)	(1,475,136)
+/- Flows linked to financial assets and investments	18,639	(270,666)
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(3,205)	(10,719)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	15,434	(281,385)
+/- Cash from or for shareholders	21,460	82,491
+/- Other cash from financing activities	1,506,711	1,308,272
= CASH FLOW FROM FINANCING ACTIVITIES (C)	1,528,171	1,390,763
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	230,888	(365,759)
Cash flow from operating activities (A)	(1,312,717)	(1,475,136)
Cash flow from investing activities (B)	15,434	(281,385)
Cash flow from financing activities (C)	1,528,171	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	850,795	619,907
Cash and balances with central banks (assets & liabilities)	741,856	485,839
Interbank accounts (assets & liabilities) and loans/deposits at sight	108,939	134,067
CHANGE IN NET CASH	230,888	(365,759)

NOTES TO THE FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

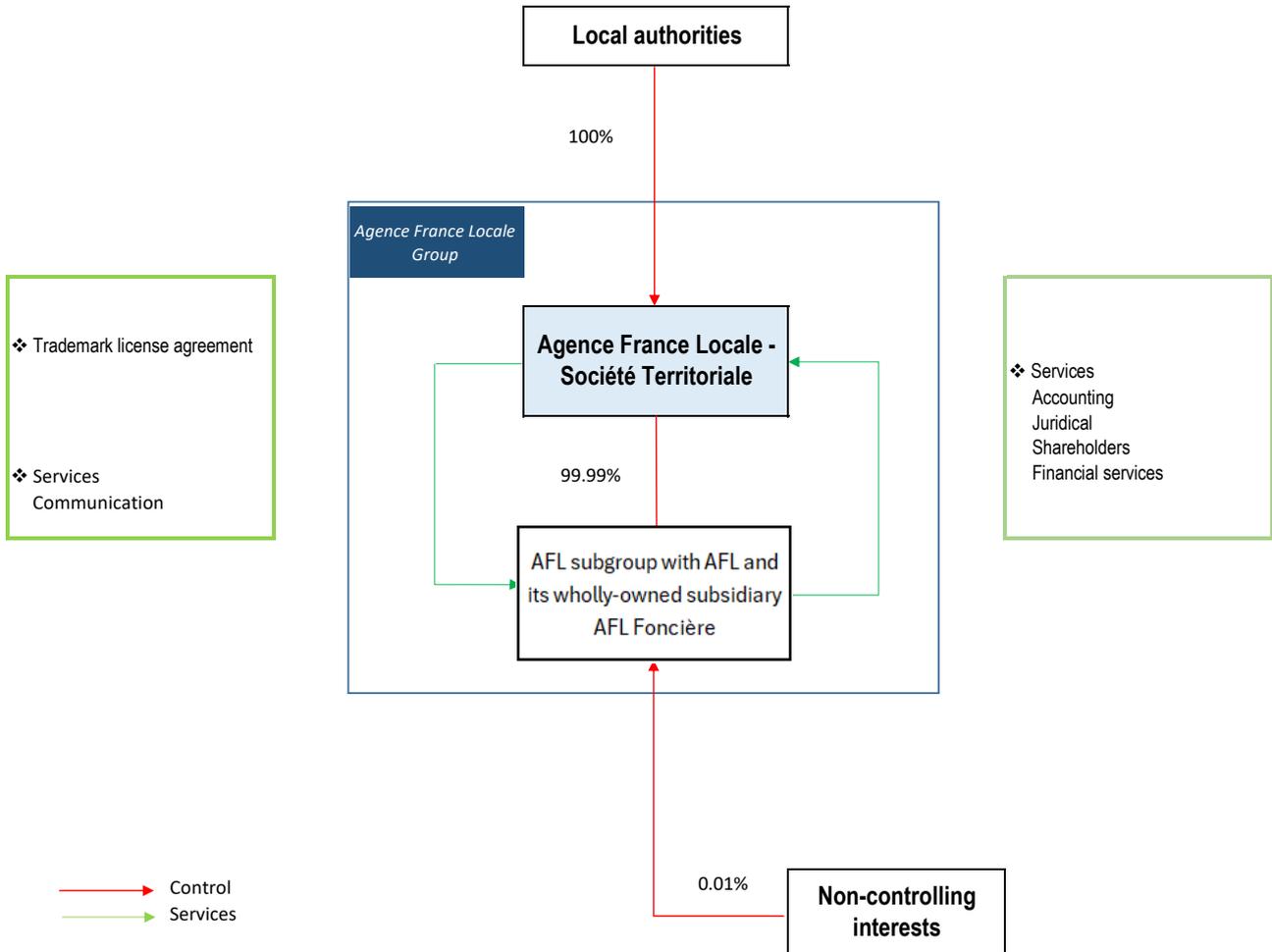
General framework

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 annual financial statements were approved by the Board of Directors as of March 11, 2026.

II - Highlights from financial year

The year 2025 marks a further increase in results linked to the loan 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 since 2023. The increase in income generation from the loan activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of loans granted to Member local authorities.

The origination of medium and long-term loans carried out by the AFL for the 2025 financial year amounted to 1,832 million euros compared to 1,964 million euros for the year 2024, to which are added cash facilities, the amount of which stood at €635 million in 2025 compared to €256 million in 2024.

While maintaining a competitive long-term loan offering, AFL also fulfilled its role of providing a diversified range of loans by increasing its interventions in complementary segments, particularly bridge loans and cash facilities. This approach made it possible to offer AFL shareholders a comprehensive response, covering all their needs, from short-term to long-term, and thus to secure the financial balance of their projects.

In 2025, AFL carried out 21 bond market transactions for a total amount of €2.24 billion at a margin of 15.6 basis points above the OAT curve, compared to a margin of 32.5 basis points in 2024 and an average maturity of 7.6 years versus 7.8 years in 2024.

These 21 transactions break down as follows:

- 8 private placements in the form of FRNs;
- 4 fixed-rate private placements, including 3 private placements redeemable at AFL's option ("callable");
- A syndicated euro-denominated issue of €500 million with a 2033 maturity at an 18 basis point margin over OATs;
- A syndicated tap of €250 million on the 2038 maturity bond line at a 16 basis point margin over OATs;
- A Swiss franc-denominated issue of CHF 100 million with a 2035 maturity at a margin equivalent to OATs plus 14 basis points;
- A sterling-denominated issue of £300 million with a 2029 maturity at a margin equivalent to OATs plus 15 basis points; and
- 5 taps of several euro-denominated bond lines in private placement format for a total of €750 million.

2025 marks a record both in terms of the number of transactions and the diversity of debt instruments and currencies. It should be noted that among the debt securities issued in 2025, 5 transactions were carried out in the form of sustainable bonds under AFL's sustainable issuance framework.

This diversification is at the heart of AFL's issuance strategy and aims to optimize the maturity profile of AFL's debt as well as its financing cost.

During the 2025 financial year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €21.5 million through four capital increases, bringing AFL's share capital from €241.1 million as of January 1, 2025, to €262.5 million as of December 31, 2025. The AFL Group now has 1,271 members, including 227 new local authorities, which joined the AFL Group during the past financial year.

As of December 31, 2025, the net banking income (NBI) generated by the activity stands at €30,718K compared to €23,886K for the 2024 financial year. This strong 29% increase in NBI in IFRS standards is explained by the following elements:

- A marked increase in the net interest margin from €23,945K as of December 31, 2024 to €29,508K as of December 31, 2025, and which is explained by the increase in interest income generated by the increase in outstanding loans which have now reached €10 billion.
- An increase in net fees, which rose to €325K as of December 31, 2025, compared to €227K as of December 31, 2024;
- Gains on the disposal of investment securities arising from the management of the liquidity reserve, which increased to €519K, compared to €493K as of December 31, 2024; and
- A product related to hedging inefficiencies of €353K, compared to a charge of -€793K as of December 31, 2024. This amount recorded in the income statement mainly corresponds to unrealized valuation differences between the hedged items and the hedging instruments.

In detail, the net interest margin of €29,508K comes from three elements:

- €271.9 million in net interest income from hedging instruments, on outstanding loans for the 2025 financial year compared to €322.1 million in 2024. This change is the result of the decrease in the average fixing of the 3-month Euribor rate in 2025 compared to 2024, to which the outstanding loan portfolio is indexed, even as the latter has increased significantly.
- €56.3 million in net interest income from hedging instruments on the liquidity and collateral management reserve assets in 2025, compared to €98.2 million in interest expenses in 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 for a slightly lower outstanding liquidity position. However, it should be noted that the cost of carrying liquidity has improved compared to 2024, due to a reduction in the amount of deposits in favor of short-term debt securities.
- Finally, €298.7 million in net interest charges from hedging instruments, on the outstanding debt that AFL carries on its balance sheet, compared to €396.3 million in interest charges in 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. It should be noted that the interest on the deeply subordinated debt securities, which were contracted at the end of 2024, is not recognized as interest expense but is directly recorded as a reduction in equity at the time of payment.

The net result of hedge accounting, excluding gains or losses from the derecognition of hedging relationships, which amounts to €353K as of December 31, 2025, compared to -€793K as of December 31, 2024, represents the sum of the fair value changes of the hedged items denominated in euros and of their hedging instruments. Among these fair value changes, +€923K relate to micro-hedged assets, +€73K to macro-hedged assets, and -€643K are linked to micro-hedged liabilities.

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 December 31, 2025, general operating expenses amounted to €16,852K, compared to €14,816K a year earlier, after restating for the application of the IFRIC decision regarding software used in a SaaS model. These expenses include personnel costs of €7,846K, compared to €7,252K for the previous year. General operating expenses also include administrative expenses, which amount to €9,006K, compared to €7,564K as of December 31, 2024, after deducting recharges between AFL and AFL-ST.

The change in administrative expenses is explained by the following factors:

- External services, net of recharges between AFL and AFL-ST, increased by €1,435K to €8,482K as of December 31, 2025, compared to €7,047K as of December 31, 2024. The increases stem mainly from IT system operating costs and a rise in consulting fees and service provider expenses across AFL's various business lines.
- Taxes and mandatory contributions remained stable at €524K, compared to €517K for the previous financial year. The main component of this item is the Social Solidarity Contribution for Corporations (C3S), amounting to €381K, compared to €398K for 2024.

At the end of the fiscal year, depreciation expense amounted to €601K as of December 31, 2025, compared to €1,252K as of December 31, 2024, a decrease by half. This decrease is mainly explained by the restatement of SaaS contract implementation costs in accordance with the March 2021 IFRIC decision. These restatements therefore led to the reversal of €684K in depreciation expense, of which €358K relates to an accounting adjustment for the fiscal years 2022 to 2024.

Beyond this regulatory impact, AFL maintains a consistent and ambitious investment policy across its entire IT infrastructure, yet compatible with the size of its teams and available resources. The investments made in 2025 covered the adaptation of the loan chain, the data lake, the third-party database, and the development of regulatory reports. In 2025, the amount of investments made was slightly lower than initially planned.

After depreciation and amortization, gross operating income as of December 31, 2025 stands at €13,265K compared to €7,818K for the previous year.

As of December 31, 2025, AFL reversed provisions for an amount of €37K on ex-ante expected credit losses on financial assets under IFRS 9, compared to an allowance of €378K for the previous fiscal year. This results in a total IFRS 9 provision stock of €1,499K as of December 31, 2025, compared to €1,536K as of December 31, 2024, corresponding to 1.26 basis points of outstanding amounts, versus 1.46 basis points as of December 31, 2024. This decrease is the result of a marginal change in the weighting of the macroeconomic scenarios underlying the provisioning calculation model, it being understood that loans to local authorities and the securities held in AFL's portfolio are by their nature very low-risk.

After the allocation of the cost of risk resulting from the application of IFRS 9, the operating result as of December 31, 2025, stands at €13,303K, compared to €7,440K as of December 31, 2024.

Finally, the income tax charges as of December 31, 2025 amount to €2,501K. They break down as follows:

- €1,448K of current tax charges;
- €607K of deferred tax income related to consolidation adjustments, which mainly result from the IFRS reversal of impairment write-backs on portfolio securities calculated in accordance with French accounting standards
- €1,660K 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 €449K as of December 31, 2025.

After tax, AFL closed the 2025 fiscal year with a net income of €10,802K, compared to €5,390K as of December 31, 2024, thus demonstrating the continued performance of its business model and the strength of its development.

Subsequent events

No significant subsequent events likely to have an impact on the accounts presented have occurred since the beginning of the 2026 financial year.

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 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 to be exchangeable, as well as the methods for determining the exchange rate for a currency that is not exchangeable. They also supplement the disclosures required in the notes to the financial statements when a currency is not exchangeable.

These amendments had no impact on the AFL's financial statements, as the Agency does not transact in non-exchangeable currencies.

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

AFL has decided not to early adopt the following standards:

- IFRS 18 'Presentation and Disclosure in Financial Statements' – This standard will replace IAS 1 'Presentation of Financial Statements'. It was issued by the IASB on April 9, 2024. Subject to its endorsement by the European Commission, IFRS 18 will be applicable from January 1, 2027, with a comparative period as of January 1, 2026.

The impact analysis is ongoing.

- Amendments to IFRS 9 / IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' – These amendments to IFRS 9 and IFRS 7, adopted on May 27, 2025, and applicable to financial years beginning on or after January 1, 2026, clarify in particular the classification of financial assets with contingent features, such as environmental, social and governance (ESG) features, within the SPPI test.

These amendments will require additional disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

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

IV - Accounting principles applied to the financial statements

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.

Consolidation methods

A subsidiary is an entity controlled by the group. The Group considers that it has exclusive control of a company when it is in a position to influence directly or indirectly the operational and financial policies of the company. The subsidiaries' financial statements are included in the consolidated financial statements from the date control is obtained to the date control ceases. Revenues, expenses and balance sheet items resulting from intra-group transactions are eliminated.

Changes in ownership interests in a subsidiary's equity instruments that do not result in a loss of control are accounted for as equity transactions.

AFL hold an exclusive control on AFL Foncière. The consolidation method used is full consolidation method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and only the net balance is presented in the balance sheet when there is a legally enforceable right to offset the amounts and it is the intention of the parties that the expected future cash flows will be settled on a net basis or that the asset will be derecognized and the liability extinguished simultaneously.

Classification and measurement

On initial recognition, financial assets are classified at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss, according to the type of instrument (debt or equity), the characteristics of their contractual cash flows and how the entity manages its financial instruments (its business model).

Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. Judgment must be exercised to assess the business model.

The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information.

For example:

- the way in which the performance of financial assets is assessed and presented to the main company directors;
- risks which have an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which directors are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency of, volume of and reason for sales.

The IFRS 9 standard uses three business models:

- a business model whose objective is to hold financial assets in order to receive contractual cash flows ("**hold to collect model**"). This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur under the following conditions:
 - o the disposals are due to an increase in credit risk;
 - o the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed;
 - o other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

AFL applies "collect" business model for its local authorities lending activities.

- a mixed management model in which assets are managed with the objective of both collecting the contractual cash flows and selling the financial assets ("**collect and sales model**").

AFL applies the "collect and sale" model to its portfolio management activities in the liquidity reserve.

- a model specific to other financial assets, particularly trading assets, in which the collection of contractual flows is incidental and whose main objective is to sell the assets.

AFL does not apply this business model and does not have a trading portfolio.

Types of contractual cash flows: the SPPI (Solely Payments of Principal and Interest) test

A financial asset is classified as generating solely payments of principal and interest if, on specific dates, it gives rise to cash flows that are solely payments of principal and interest on the outstanding amount due. The SPPI test should be performed for each financial asset on initial recognition.

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubts as to whether only the time value of money and credit risk are represented must therefore be analyzed.

For example:

Any contractual option that creates risk exposure or cash-flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as SPPI.

- the applicable interest rate features (for example, consistency between the rate fixing period and the interest calculation period);

If a clear determination cannot be made through qualitative analysis, a quantitative analysis (a benchmark test) is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset.

- early redemption and extension conditions;

For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional compensation for the early termination of the contract.

Basic financial assets (those that generate SPPI) are debt instruments such as fixed-rate loans, variable-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or variable-rate debt securities.

Non-SPPI financial assets include, for example, convertible bonds or mandatory convertible bonds with a fixed conversion ratio.

Accounting categories

Debt instruments (loans, receivables or debt securities) may be valued at amortized cost, at fair value through other comprehensive income recyclable to income or at fair value through profit and loss.

A debt instrument is valued at amortized cost if it meets the following two conditions:

- the asset is held under a business model where the objective is to collect contractual cash flows; and
- the contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held under a business model where the objective is both to collect contractual cash flows and to sell financial assets; and
- the contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading purposes, financial assets at fair value through profit or loss and non-basic (non-SPPI) assets.

Recognition at fair value through profit or loss as an option for financial assets only applies in the case of the elimination or significant reduction of an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy.

Embedded derivatives are no longer recognized separately to their host contract when these are financial assets, such that the entire hybrid instrument must now be recognized at fair value through profit or loss.

Debts, which are not classified as financial liabilities at fair value, are initially recorded at cost, which is the fair value of the amounts borrowed net of transaction costs. At the closing date, they are measured at amortized cost using the effective interest rate method and recorded in the balance sheet under "Debts due to credit institutions" or "Debt securities".

Financial assets at amortized cost

Financial assets at amortized cost include loans and receivables due from credit institutions and customers.

Loans and receivables from credit institutions are broken down according to their initial maturity or their nature: demand debts (demand deposits, ordinary accounts) or term deposits (term accounts).

They are recognized, after their initial recognition, at amortized cost using the effective interest rate method and may be subject to an impairment, if any.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics. This premium is spread over the life of the loans through the calculation of a new effective interest rate.

Financial assets at fair value through profit or loss

This asset category includes:

- financial assets held for trading, i.e. securities acquired or issued principally for the purpose of selling them in the near term;
- financial assets that the Group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IFRS 9.

The Agence does not hold financial assets at fair value through profit or loss as such.

They are investment portfolio fair value hedging derivatives in a fixed-rate borrower position, which hedged items has been sold, which have been neutralised by fixed-rate lender derivatives. Those 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.

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss".

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially recognized at fair value, plus any transaction costs.

- Debt instruments measured at fair value through other comprehensive income recyclable to income

On the balance sheet date, they are carried at their fair value and changes in fair value (excluding accrued interest) are recorded under "Gains and losses recognized directly in other comprehensive income recyclable to income".

In the event of disposal, these changes in fair value are not transferred to income but directly to retained earnings under equity.

These instruments are subject to IFRS 9 impairment requirements. If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on debt instruments is recorded under "Interest and similar income" based on the effective interest rate method.

Upon disposal of these securities, unrealized gains or losses previously recognized in equity are recycled in the income statement within "Net gains or losses on at fair value through other comprehensive income".

- Debt instruments measured at fair value through other comprehensive income not recyclable to income

AFL does not hold any debt instruments measured at fair value through non-recyclable equity.

Recognition date of securities

AFL records financial securities on the settlement date.

Financial assets designated at fair value through profit or loss (fair value option)

AFL Group does not use the option to designate its financial assets at fair value through profit or loss.

Financial information regarding financial instruments

Information relating to the risk management as required by IFRS 7 are disclosed into annual management report.

Impairment of assets at amortized cost and at fair value through other comprehensive income, and provisioning of loan and guarantee commitments

Debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income, loan commitments and financial guarantee contracts are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

These financial instruments are divided into three categories depending on the increase in credit risk observed since their initial recognition.

An impairment or a provision is recognized on outstanding amounts in each category, as follows:

Stage 1 (Performing assets)

- these are performing loans for which credit risk has not increased materially since the initial recognition of the financial instrument;
- the impairment or the provision for credit risk corresponds to 12-month expected credit losses;

Stage 2 (Non-performing assets)

- performing loans for which credit risk has increased materially since the initial recognition of the financial instrument are transferred to this category;

Factors to detect an increase in credit risk for local government loans are:

- Degradation of three (3) points or more of the internal note
- Change to an internal note greater than 6.5
- Non-technical outstanding payment for more than 30 days all loans combined,
- Restructuring of a loan meaning that the local authority is having difficulty meeting its deadlines,
- Significant internal or external event

Regarding the assets of the liquidity reserve the criteria retained are:

- Degradation of two (2) notches or more of the internal note
- Non-technical outstanding payment for more than 30 days from a contractual cash flow, a security or any other product with the counterparty,
- Significant internal or external event
- Restructuring of the debt

- the impairment or the provision for credit risk is determined on the basis of the financial instrument's lifetime expected credit losses;

When all the elements allowing to note a degradation of the risk are solved, the exposures are considered as having no more risk of degradation.

Stage 3 (Doubtful assets)

· non-performing loans within the meaning of IFRS 9 are transferred to this category. These are loans for which there is objective evidence of impairment loss due to an event which represents a credit risk occurring after the initial recognition of the instrument in question. In particular, objective evidence of impairment includes any payments that are past due by at least three months, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered or to the initiation of legal proceedings;

- these events are liable to lead to the recognition of incurred credit losses, that is, expected credit losses for which the probability of occurrence has become certain.

· the impairment or the provision for credit risk is calculated based on the financial instrument's lifetime expected credit losses on the basis of the recoverable amount of the receivable, i.e., the present value of estimated recoverable future cash flows taking into account the impact of any collateral;

When all the criteria having triggered the classification in default are cleared, that there is no new one whatever its nature, the counterparty can leave the default category.

All outstanding payment must have been regularized, no unpaid must therefore continue at the time of the release of the the default category.

A probationary period of 6 months begins when all the conditions of the default are met and the healthy return has been decided by the Credit Committee.

During the probationary period, payments must continue on a regular basis and without delay, an unpaid amount immediately causes the return to default category.

The Credit Committee instructs and validates the exit of the default category.

Depreciation charges and reversals amounts are registred in "Cost of risk" in income statement.

Estimation of Expected Credit Losses (ECL)

IFRS 9 requires institutions to calculate expected credit losses based on statistics produced from historical data that account for business cycles that affect their counterparties.

Agence France Locale has less than three years of existence at implementation of the standard, it does not have a default data history.

To overcome this lack of data, and considering the low level of risk represented by its exposures, AFL Group has decided to base its ECL method on external public data and on the documented opinion of its experts given at quarterly meetings.

The process is framed by two committees. The Provision Committee deals with the parameters used in the calculation of provisions: it sets the probability of realization of business cycle evolution scenarios and validates the calculation of default probabilities and losses in case of default. The Provision Credit Committee scans line by line exposures and validates their treatment in terms of provision.

- The exposures classification in the 3 phases is a function of the evolution of the ratings of these exposures since their entry in the balance sheet. The ratings used are rating agencies ratings or internal[1] ratings in the case of local governments, possibly supplemented by expert opinion to reflect recent information and future risks. The thresholds used are relative and absolute.

- The calculation of default probabilities (PD) is based on historical default rates ("point in time" default) and cumulated default rates ("through the cycle") published by rating agencies with a historical depth of 35 years. The default rates of the high point and low point of the cycle scenarios are derived from the first and last deciles of the histories; the average default rates are used for the central scenario.

- Beyond 10 years, cumulated default rates are extrapolated using a Weibull statistical law;

- For the liquidity reserve exposures, regulatory default losses (LGD) of the standard approach (45%) are used. For exposures on local authorities, an LGD was calculated by expert opinion;

- The experts decide on future developments in the business cycle and establish the forward-looking vision by defining the weightings of the 3 scenarios (central, low point of the cycle and high point of the cycle). The experts' expectations are underpinned by the macroeconomic, sectoral and geographical studies published by recognized institutions such as the World Bank, the European Central Bank, the economic research of the big banks or the rating agencies.

The process is framed by two committees. The "Comité expert provisions" deals with the parameters used in the calculation of provisions: it sets the probability of realization of scenarios of evolution of the economic cycle and validates the calculations of probabilities of default and losses in case of default. The "Comité de crédit provisions" scans line by line exposures and validates their treatment in terms of impairment.

Fixed assets

Fixed assets are recognised at their acquisition cost plus acquisition expenses that are directly related and required to put them in working order so that they can be used.

After initial recognition fixed assets are valued at their nominal value less accumulated depreciation and possible impairment losses.

Fixed assets that are depreciated are subject to impairment tests in cases where evidence of a loss of value is identified at year-end. Fixed assets that are not depreciated are subject to impairment tests in cases where potential evidence of a loss of value is identified at year-end, and at least once a year.

If evidence of a loss of value is recorded, the recoverable value of the asset is compared with its net book value. In the event of a loss of value, an impairment charge is recorded in the profit and loss statement. That impairment changes the depreciation schedule of the asset going forwards. The impairment is reversed in the event of a change in the estimated recoverable value or the evidence of impairment disappears.

Tangible assets

Tangible assets are depreciated linearly over their expected useful life.

Fixed asset	Estimated useful life
Fixtures and fittings	15 years
Computer equipment	5 years
Office furniture	3 or 9 years

Intangible assets

Software are recognised in intangible assets as they meet the following three criteria in respect of IAS 38:

- Must be identifiable;
- Be controlled by the Company;
- Is likely that the future economic advantages attributable to such an element will go to the Company.

Intangible assets are depreciated linearly over their expected useful life.

Fixed asset	Estimated useful life
Software	5 years
Website	3 years
Software development	5 years

Debt

Debt that is not classified in financial liabilities at fair value is initially recorded at cost, which corresponds to the fair value of the amounts borrowed net of transaction costs. At year-end, the debt is valued at amortised cost according to the effective interest rate and recorded in the balance sheet under "Debt payable to credit institutions" or "Debt represented by a security".

Debts due to credit institutions are broken down according to their initial maturity or their nature: demand debts (demand deposits, ordinary accounts) or term deposits (term accounts).

Distinction between debt and equity: Indefinite-term subordinated securities

Subordinated securities are classified as debt or equity instruments based in particular on the analysis of their characteristics and more specifically on their method of remuneration depending on whether it is discretionary or not.

When the subordinated securities issued meet the criteria for classification as "Equity Instruments", the coupons are treated as dividends and are deducted from equity. For these coupon distributions corresponding to profit distributions, the deferred tax asset, representing a tax saving, is recognised in profit or loss in accordance with IAS 12.

Hedge accounting

Fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognised, or of a firm commitment that has not been recognised. Cash flow hedges are intended to provide protection from a change in future cash flows from financial instruments associated with a recognised asset or liability (for example, with all or part of future interest payments on a floating-rate debt) or a projected transaction that is considered to be highly probable. Hedges of net investments in a foreign operation are intended to provide protection from the risk of an adverse movement in fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the euro. Hedges must meet the following criteria in order to be eligible for hedge accounting:

- The hedging instrument and the instrument hedged must be eligible;
- There must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk to assess whether the hedging relationship meets the effectiveness constraints of the hedge.

The hedging relationship satisfies the effectiveness constraints of the hedge if there is an economic link between the hedged item and the hedging instrument.

For an economic link to exist, the value of the hedging instrument and that of the hedged item must generally vary inversely with each other as a result of same risk, which is the risk covered.

The effectiveness of the hedge is the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item.

Depending on the factors involved, the method of assessing the effectiveness of the hedge may consist of a qualitative or quantitative assessment.

For example, when the critical terms (such as the nominal amount, maturity and underlying) of the hedging instrument and the hedged item match or are closely aligned, it might be possible for an entity to conclude on the basis of a qualitative assessment of those critical terms that the hedging instrument and the hedged item have values that will generally move in the opposite direction because of the same risk and hence that an economic relationship exists between the hedged item and the hedging instrument

Fair value hedge

Any revaluation of the derivative is recognised in profit and loss in a way that mirrors the revaluation of the item hedged. Gains or losses attributable to the hedged risk are recognised in "Net gains or losses on financial instruments at fair value through profit and loss" in the profit and loss statement. As soon as the hedge relationship becomes effective, movements in the fair value of the hedged item are mirrored by the movements in the fair value of the hedging instrument. Any potential failure in the hedge is directly recognised in profit and loss.

The potential ineffectiveness of the hedge is recognized directly in the income statement. The relative ineffectiveness of the bi-curve valuation of collateralised derivatives is taken into account in the efficiency calculations.

The portion relating to the accrued income or expenses of the derivative instrument is recognised in Income and interest expense in the profit and loss statement at the same time as the interest income and expense relating to the hedged item.

In case of interruption of the hedging relationship (management decision, non-compliance with the effectiveness criteria or sale of the hedged item before maturity), the hedging derivative is transferred to the trading portfolio. The amount of revaluation recorded in the balance sheet for the hedged item is amortized over the remaining life of the original hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation is recognized in the income statement for the period.

Cash flow hedge

The change in value of the derivative is recognised in the balance sheet through a specific account in other comprehensive income for the efficient portion and any inefficient portion of the hedge is recognised in the income statement. Any profits or losses on the derivative accrued through other comprehensive income are then reclassified in the income statement when the hedged cash flows occur;

Macro-hedging

AFL applies the provisions of IAS 39, as adopted by the European Union, to macro-hedging transactions that are performed as part of the asset & liability management of fixed-rate positions (IAS 39 carve-out). Macro-hedging instruments are interest-rate swaps designated as fair value hedges for the Group's fixed-rate resources. Macro-hedging derivatives are accounted for according to the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation differences on portfolios hedged against interest rate risk".

Determining fair value or market value

IFRS 13 defines fair value as the price received for the sale of an asset or paid for the transfer of a liability in a standard transaction between market participants on the valuation date.

When an instrument is initially recognised, its fair value is generally the transaction price.

IFRS 13 recommends using a price quoted on an active market in the first instance to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multiple inputs), an intermediary or a regulatory agency, and if those prices represent real transactions (volume and price range) under normal competition conditions.

In the absence of an active market, the fair value must be determined using valuation techniques.

These techniques include the use of recent transactions performed in a normal competition environment. They are based on market data, on the fair value of substantially identical instruments, or on cash flow or option valuation discount models, and involve recognised valuation methods.

The aim of a valuation technique is to establish what the price of an instrument would be under normal market conditions.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price.

Fair value of financial instruments are presented in Appendix over three levels in descending order of observability of values and parameters used for their valuation:

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 2 is composed of:

- Instruments that are traded over the counter, the fair value of which is measured with models using observable market data, i.e. derived from various and independent available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.
- Instruments that are traded over the counter, the fair value of which is measured with models using observable market data, i.e. derived from various and independent available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.

Level 3: fair value that is measured using significant unobservable inputs

For some instruments that are not traded in an active market, fair value measurement is based on valuation techniques using assumptions i.e. that cannot be observed on the market for an identical instrument. Loans to local authorities are disclosed within Level 3.

Provisions

Provisions are recorded in balance sheet liabilities when the AFL Group has an obligation towards a third party and that obligation is likely or certain to cause an outflow of funds for the benefit of the third party with no expectation of a counter-payment that is at least equivalent.

Provisions and provision reversals are recorded in profit and loss on the lines that correspond to the nature of the future expenditure involved.

Interest income and expense

Interest income and expense are recognised in the profit and loss statement for all financial instruments valued at amortised cost using the effective interest rate.

Interest income and expense include for available for sale and held to maturity securities, the difference between the purchase price and the redemption value which is spread over the remaining life of the security on an actuarial basis.

The effective interest rate is the rate that discounts future cash outflows or inflows exactly over the expected life of the financial instrument, so as to arrive at the net book value of the financial asset or liability.

The calculation of this rate factors in commissions received or paid, which are by nature an integral part of the effective contract rate.

Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities, and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses on receivables, and the recovery of amortised receivables.

Current tax expense

The current income tax expense is calculated using a 25% rate which is the effective tax rate as of December 31, 2025.

The Agence and its parent company AFL ST form a fiscal integration group since January 1, 2015, AFL ST is fiscal group head.

Since January 1, 2025, AFL Foncière has joined the fiscal integration group

Deferred taxes

Deferred taxes are recognized using the variable carry-forward method to account for temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

The tax rates enacted or substantively enacted at the balance-sheet date are used to determine deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is recognised as tax income or expense in the profit and loss statement, except for tax relating to unrealised gains and losses on assets available for sale, and for movements in the value of derivatives classified as cash flow hedges, for which deferred tax is charged directly to equity capital.

IAS 12 prohibits discounting of deferred tax assets and liabilities.

Post-employment benefits

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method.

Under this method, each period of service gives rise to an additional unit in terms of benefit entitlement and each unit is assessed separately so as to calculate the final obligation. This final obligation is then discounted. The main items taken into account in these calculations are:

- an estimated date of payment of the benefit,
- a financial discount rate
- an inflation rate
- assumptions on salary increases, staff turnover

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recorded in the “Income and expenses recognized directly in equity” statement, and will not be recycled in the income statement.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:

- The service cost (recognized in “Operating income” in “Other general operating expenses”);
 - The finance cost less the expected yield on plan assets (recognized in “Non-operating income” in “Pension obligation expense or income”).
- These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations.

V - Notes to the Balance Sheet

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

	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
(€ '000s)				
Financial assets held for trading	4,577	4,578	6,056	6,054
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	4,577	4,578	6,056	6,054

Financial assets held for trading

	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
(€ '000s)				
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	4,577	4,578	6,056	6,054
Total Financial assets held for trading	4,577	4,578	6,056	6,054

	31/12/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	98,000	98,000	4,577	4,578	144,000	144,000	6,056	6,054
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	98,000	98,000	4,577	4,578	144,000	144,000	6,056	6,054
Interest rate contracts	98,000	98,000	4,577	4,578	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

	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
(€ '000s)				
Derivatives designated as fair value hedges	545,488	454,703	585,441	479,109
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	117,593	20,524	90,631	39,204
Total Hedging derivatives	663,081	475,227	676,072	518,313

Detail of derivatives designated as fair value hedges

	31/12/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	11,825,948	7,208,318	545,488	454,703	10,472,159	6,712,198	585,441	479,109
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	11,825,948	7,208,318	545,488	454,703	10,472,159	6,712,198	585,441	479,109
Interest rate contracts	10,580,632	6,972,002	498,056	379,209	8,941,514	6,526,148	514,909	395,295
FRA								
Cross Currency Swaps	1,245,315	236,315	47,432	75,494	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

	31/12/2025				31/12/2024			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	171,070	1,641,250	117,593	20,524	175,870	1,473,029	90,631	39,204
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	171,070	1,641,250	117,593	20,524	175,870	1,473,029	90,631	39,204
Interest rate contracts	171,070	1,641,250	117,593	20,524	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

31/12/2025							
(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	667,659	-	667,659	404,311	256,397	-	6,951
Of which derivative financial instruments (including hedging derivatives)	667,659	-	667,659	404,311	256,397	-	6,951
Loans and receivables from credit institutions and customers	9,721,122	-	9,721,122	-	-	-	9,721,122
Of wich repurchase agreements	-	-	-	-	-	-	-
Accrued income and other assets	3,029	-	3,029	-	-	-	3,029
Including security deposits given	-	-	-	-	-	-	-
Other non offset assets	2,007,161	-	2,007,161	-	-	-	2,007,161
TOTAL ASSETS	12,398,971	-	12,398,971	404,311	256,397	-	11,738,263

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

31/12/2025							
(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			
(€ '000s)							
Financial Instruments at fair value through profit or loss	479,805	-	479,805	404,311	66,352	69,024	(59,882)
Of which derivative financial instruments (including hedging derivatives)	479,805	-	479,805	404,311	66,352	69,024	(59,882)
Loans and receivables from credit institutions and customers	256,399	-	256,399	-	-	-	256,399
Of wick repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	11,336,971	-	11,336,971	-	-	-	11,336,971
TOTAL LIABILITIES	12,073,175	-	12,073,175	404,311	66,352	69,024	11,533,488

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			
(€ '000s)							
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 wick 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

(€ '000s)	31/12/2025	31/12/2024
Government paper and similar securities	566,468	615,439
Bonds	155,030	147,920
Other fixed income securities		
Net amount in balance sheet	721,498	763,359
Including depreciation	(402)	(531)
Including net unrealised gains and losses	(25,406)	(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)	-	-	-
<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	129	-	-	-
<i>Acquisitions</i>	(77)			
<i>Re-estimate of parameters</i>	34			
<i>Bad debts written off</i>				
<i>On sales</i>	172			
Expected losses as of 31st December 2025	(402)	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	31/12/2025	31/12/2024
Local public sector	511,457	506,094
Financial institutions and other financial corporations	209,054	256,277
Non-financial corporations	988	988
Net amount in balance sheet	721,498	763,359

Fixed income securities held on Financial institutions include €42,949K of securities guaranteed by States of the European Economic Area.

Changes in Financial assets at fair value through other comprehensive income

(€ '000s)	Total amount as of	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of
	31/12/2024							31/12/2025
Government paper and similar securities	615,439	412,583	(466,085)	(964)	2,264	815	2,417	566,468
Bonds	147,920	305,939	(302,322)		602	52	2,840	155,030
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	763,359	718,523	(768,407)	(964)	2,866	866	5,257	721,498

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	31/12/2025	31/12/2024
Government paper and similar securities	499,262	458,242
Bonds	28,390	7,181
Other fixed income securities		
Net amount in balance sheet	527,652	465,424
Including expected credit losses on debt instruments	(511)	(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)	-	-	-
<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	(17)	-	-	-
<i>Acquisitions</i>	(88)			
<i>Re-estimate of parameters</i>	57			
<i>Bad debts written off</i>				
<i>On sales</i>	15			
Expected losses as of 31st December 2025	(511)	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	31/12/2025	31/12/2024
Local public sector	223,979	228,346
Financial institutions and other financial corporations	273,315	207,308
Non-financial corporations	30,358	29,769
Net amount in balance sheet	527,652	465,424

Fixed income securities held on Financial institutions include €275,283K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

	Total amount as of	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued Interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of
	31/12/2024								31/12/2025
Government paper and similar securities	458,242	70,700	(27,358)	(5,140)	(786)	6	3,603	(5)	499,262
Bonds	7,181	21,150	-	(527)	29	(7)	576	(11)	28,390
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	465,424	91,850	(27,358)	(5,667)	(757)	(1)	4,179	(17)	527,652

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	31/12/2025	31/12/2024
Mandatory reserve deposits with central banks	741,897	485,873
Other deposits		
Cash and central banks	741,897	485,873
Impairment	(42)	(30)
Net amount in balance sheet	741,855	485,842

Receivables on credit institutions

(€ '000s)	31/12/2025	31/12/2024
Loans and receivables		
- on demand and short notice	109,116	134,383
- term	60,334	60,440
Cash collateral paid	66,352	55,670
Securities bought under repurchase agreements		
TOTAL	235,801	250,493
Impairment for expected losses	(20)	(25)
NET CARRYING AMOUNT	235,782	250,468

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	31/12/2025	31/12/2024
Short-term credit facilities	198,685	64,148
Other loans	9,287,169	8,183,627
Customers transactions before impairment charges	9,485,853	8,247,775
Impairment	(513)	(446)
Net carrying amount	9,485,341	8,247,330
<i>Of which individual impairment</i>	(513)	(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>	(12)	12		
<i>Transfers from maturity to 12-month</i>	1	(1)		
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	(11)	11	-	-
Movement attributable to financial instruments recognized over the period	(34)	(39)	-	-
<i>Production and acquisition</i>	(96)	(29)		
<i>Re-estimate of parameters</i>	28	(14)		
<i>Bad debts written off</i>				
<i>Repayments</i>	34	3		
Expected losses as of 31st December 2025	(446)	(128)	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2024	Depreciation charges	Reversals amounts not used	Net charge	Utilised	31/12/2025
Financial assets at fair value through other comprehensive income						
Depreciations on performing assets	531	43	(172)	(129)		402
Depreciations on non-performing assets	-					-
Depreciations on doubtful assets	-					-
Total	531	43	(172)	(129)		402
Financial assets at amortized cost						
Depreciations on performing assets	896	99	(37)	62		958
Depreciations on non-performing assets	99	43	(14)	28		127
Depreciations on doubtful assets	-					-
Total	995	142	(52)	90		1,085

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	741,897			(42)			741,855
Financial assets at fair value through other comprehensive income	721,900			(402)			721,498
Securities at amortized cost	528,163			(511)			527,652
Loans and receivables due from credit institutions at amortized cost	235,801			(20)			235,782
Loans and receivables due from customers at amortized cost	9,328,801	156,861	191	(385)	(127)	(0.002)	9,485,341

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	31/12/2025	31/12/2024
Net asset as at 1st of January	2,734	4,222
<i>Of which deferred tax assets</i>	4,354	4,609
<i>Of which deferred tax liabilities</i>	1,621	387
Recognised in income statement	(1,053)	(1,278)
Income statement (charge) / credit	(1,053)	(1,278)
Recognised in equity	(236)	(211)
Financial assets at fair value through other comprehensive income	(1,254)	1,067
Cash flow hedges	1,018	(1,277)
Other		
Net asset as at	1,444	2,734
<i>Of which deferred tax assets</i>	1,490	4,354
<i>Of which deferred tax liabilities</i>	46	1,621

Deferred tax are attributable to the following items:

(€ '000s)	31/12/2025	31/12/2024
Financial assets at fair value through other comprehensive income	991	2,245
Cash flow hedges	50	
Losses carried forward	449	2,109
Other temporary differences		
TOTAL DEFERRED TAX ASSETS	1,490	4,354

(€ '000s)	31/12/2025	31/12/2024
Financial assets at fair value through other comprehensive income		
Cash flow hedges		968
Other temporary differences	46	653
TOTAL DEFERRED TAX LIABILITIES	46	1,621

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	31/12/2025	31/12/2024
Other assets		
Deposits	1,402	2,487
Other assets	184	892
Impairment		
Total	1,586	3,379
Accruals		
Prepaid charges	1,152	868
Other deferred income	166	12
Transaction to receive and settlement accounts	1	
Other accruals	124	163
Total	1,442	1,043
TOTAL OTHER ASSETS AND ACCRUALS	3,029	4,422

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2024	Additions	Transfers	Disposals	Amort. and provisions	Other	31/12/2025
IT development costs	13,534	616				71	14,221
Other intangible assets	163						163
Intangible assets in progress	76	1,329				(76)	1,329
Intangible fixed assets gross amount	13,773	1,945	-	-	-	(5)	15,713
Depreciation and allowances - Intangible fixed assets	(12,277)				(381)		(12,658)
Intangible fixed assets net carrying amount	1,496	1,945	-	-	(381)	(5)	3,055

Following the IFRIC decision regarding the treatment of configuration and customization costs for software obtained from a supplier under a SaaS (Software as a Service) contract, AFL restated the depreciation charges for development costs applied in his company's accounts. These restatements, primarily concerning the 2024 fiscal year, led to an overestimation of the depreciation expense. The depreciation charges for intangible assets presented at €195k as of 31/12/2025 would have amounted to €553k for the year, in the absence of correction.

Tangible fixed assets	31/12/2024	Additions	Disposals	Amort. and provisions	Other	31/12/2025
Commercial leases	1,347					1,347
Property, plant & equipment	10,516	1,042	(9)			11,549
Tangible fixed assets gross amount	11,863	1,042	(9)		-	12,896
Depreciation and allowances - Tangible fixed assets	(1,075)		9	(219)		(1,286)
Tangible fixed assets net carrying amount	10,788	1,042	-	(219)	-	11,610

Note 10 - DEBT SECURITIES

(€ '000s)

	31/12/2025	31/12/2024
Negotiable debt securities	100,906	99,654
Bonds	11,124,597	9,718,323
Other debt securities		
TOTAL	11,225,502	9,817,977

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)

	31/12/2025	31/12/2024
Loans and receivables		
- on demand and short notice	2	0.2
- term		
Cash collateral paid	256,397	211,736
Securities bought under repurchase agreements		
TOTAL	256,399	211,737

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)	31/12/2025	31/12/2024
Other liabilities		
Miscellaneous creditors	4,113	3,668
Total	4,113	3,668
Accruals		
Transaction to pay and settlement accounts		10
Other accrued expenses	2,122	2,062
Unearned income		
Other accruals	22	25
Total	2,143	2,097
TOTAL ACCRUALS AND OTHER LIABILITIES	6,257	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 31/12/2025
Provisions						
Financing commitment execution risks	10	12	(10)			12
Provisions for litigations						
Provisions for employee retirement and similar benefits	152					152
Provisions for other liabilities to employees						
Other provisions						
TOTAL	162	12	(10)	-	-	164

Note 14 - UNDATED FINANCIAL INSTRUMENTS

(€ '000s)	Issue date	Interest rate	Amount	Currency	31/12/2025	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)	31/12/2025	31/12/2024
UNDATED DEEPLY SUBORDINATED NOTES		
Interests paid accounted as reserves	(3,500)	
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

(€ '000s)	31/12/2025	31/12/2024
Commitments given	855,438	613,459
Financing commitments	786,414	544,884
<i>For credit institutions</i>		
<i>For customers</i>	786,414	544,884
Guarantee commitments	69,024	68,574
<i>For credit institutions</i>		
<i>For customers</i>	69,024	68,574
Commitments on securities		
<i>Securities to be delivered to the issuance</i>		
<i>Other securities to be delivered</i>		
Commitments received	1,554	1,691
Financing commitments		
<i>From credit institutions</i>		
Guarantee commitments	1,554	1,691
<i>From credit institutions</i>		
<i>From customers</i>	1,554	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	2			
<i>Charge</i>	12			
<i>Utilised</i>				
<i>Reversal utilised</i>	(10)			
Expected losses as of 31st December 2025	12	-	-	-

VI - Notes to the Income Statement

Note 15 - INTEREST INCOME AND EXPENSES

(€ '000s)	31/12/2025	31/12/2024
Interest and similar income	367,509	457,728
Due from banks	20,800	55,560
Due from customers	263,969	298,968
Bonds and other fixed income securities	40,194	47,199
<i>Financial assets at fair value through other comprehensive income</i>	<i>25,096</i>	<i>30,405</i>
<i>Securities at amortized cost</i>	<i>15,098</i>	<i>16,795</i>
Macro-hedge transactions	37,087	46,439
Other interest income	5,458	9,561
Interest and similar expenses	(338,001)	(433,783)
Due to banks	(4,665)	(4,571)
Debt securities	(298,685)	(396,345)
Macro-hedge transactions	(29,206)	(23,318)
Other interest expenses	(5,444)	(9,549)
Interest margin	29,508	23,945

Note 16 - NET FEE AND COMMISSION INCOME

(€ '000s)	31/12/2025	31/12/2024
Fee & Commission Income	527	441
Interbank transactions		
Customer transactions		
Securities transactions		
Forward financial instruments transactions		
Currencies transactions		
Financing commitments and guarantee	527	441
Other commissions received		
Fee & Commission Expense	(202)	(215)
Interbank transactions	(25)	(42)
Securities transactions		
Forward financial instruments transactions	(177)	(172)
Currencies transactions		
Financing commitments and guarantee		
Other commissions paid		
Net Fee and Commission Income	325	227

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

(€ '000s)	31/12/2025	31/12/2024
Gains/(losses) on Trading book	(0.02)	(1)
Net result of hedge accounting	1,877	(749)
Net result of foreign exchange transactions	13	3
TOTAL	1,890	(747)

Analysis of net result of hedge accounting

(€ '000s)	31/12/2025	31/12/2024
Fair value hedges		
Fair value changes in the hedged item attributable to the hedged risk	38,332	(47,665)
Fair value changes in the hedging derivatives	(38,052)	46,863
Hedging relationship disposal gain	1,524	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	(48,599)	23,043
Fair value changes in the hedging derivatives	48,672	(23,034)
Net result of hedge accounting	1,877	(749)

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

(€ '000s)	31/12/2025	31/12/2024
Gains from disposal of fixed income securities	1,152	471
Losses from disposal of fixed income securities	(2,156)	(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	(1,005)	461

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	31/12/2025	31/12/2024
Employee expenses		
Wages and salaries	5,071	4,751
Post-employment benefit expenses	510	450
Other expenses	2,265	2,051
Total Employee expenses	7,846	7,252
Operating expenses		
Taxes and duties	524	517
External services	8,647	7,216
Total Administrative expenses	9,171	7,734
Charge-backs and reclassification of administrative expenses	(165)	(170)
Total General operating expenses	16,852	14,816

Note 20 - COST OF RISK

(€ '000s)	31/12/2025	31/12/2024
Net charge to provisions	39	(383)
<i>for financial assets at fair value through other comprehensive income</i>	129	(118)
<i>for financial assets at amortized cost</i>	(90)	(265)
Net charge to provisions	(2)	6
<i>for financing commitments</i>	(2)	6
<i>for guarantee commitments</i>		
Irrecoverable loans written off not covered by provisions		
Recoveries of bad debts written off		
Total Cost of risk	37	(378)

Note 21 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	31/12/2025	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)	31/12/2025	31/12/2024
Expense and income of current tax	(1,448)	(772)
Expense and income of differed tax	(1,053)	(1,278)
Ajustement on previous period		
Total Income tax	(2,501)	(2,049)

RECONCILIATION OF THE THEORETICAL TAX RATE AND THE EFFECTIVE TAX RATE

As of 31st December 2025

(€ '000s)	Base	Tax rate	Tax
Pre-tax income	13,303	25.83%	(3,435)
Impact of permanent differences		(6.93)%	922
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		(0.25)%	33
Impact of other items		0.15%	(20)
Effective tax rate and tax charge		18.80%	(2,501)

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 31 December 2025.

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.

Note 23 - EXTERNAL AUDITOR FEES

	Caillau Dedoult et Associés		KPMG Audit	
	2025	2024	2025	2024
	(€ '000s)	(€ '000s)	(€ '000s)	(€ '000s)
Audit				
Fees related to statutory audit, certification, examination of:				
AFL-Société Opérationnelle (Subsidiary company)	101	121	104	121
Sub-total	101	121	104	121
Other fees and benefits (*) :				
AFL-Société Opérationnelle (Subsidiary company)	29	22	24	22
Sub-total	29	22	24	22
TOTAL	131	144	128	144

(*) Other fees and benefits are related to issue prospectus audit, capital increases, reliance letter and to the consultation regarding a potential company acquisition

Note 24 - RELATED PARTIES

There are, on 31 December 2025, an agreement of administrative services 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 and Agence France Locale - Société territoriale at normal market conditions.

Remuneration for Board of AFL and the CEO of the Territorial Company :

Neither members of AFL Board nor the CEO of the Territorial Company benefited from a payment in actions in conformance with the exercise 2025 and a compensation was settled because of termination of contract of employment. No other long-term advantage was granted to

Their Director's remunerations on the exercise 2025 were the following ones :

(€ '000s)	31/12/2025
Fixed remuneration	1,096
Variable remuneration	181
Payments in kind	33
Total	1,310

In addition, members of the AFL Supervisory Board received €239K attendance fees. No attendance fees were paid to members of the Board of Directors of Agence France Locale - Société Territoriale.

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)	31/12/2025			
	Total	Measured using		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	4,577	-	4,577	-
Hedging derivative instruments	663,081	-	663,081	-
Government paper and similar securities	566,468	489,578	-	76,891
Bonds	155,030	80,066	-	74,964
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	721,498	569,644	-	151,855
Total Financial assets	1,389,157	569,644	667,659	151,855
Financial liabilities				
Financial liabilities at fair value through profit or loss	4,578	-	4,578	-
Hedging derivative instruments	475,227	-	475,227	-
Total Financial liabilities	479,805	-	479,805	-

Fair values of instruments carried at amortised cost:

(€ '000s)	31/12/2025				
	Net Carrying value	Fair value	Measured using		
			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	741,855	741,855	-	-	741,855
Government paper and similar securities	499,262	494,323	327,619	-	166,704
Bonds	28,390	28,078	28,078	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	527,652	522,401	355,698	-	166,704
Loans and receivables due from credit institutions	235,782	235,782	-	-	235,782
Loans and advances to customers	9,380,339	9,380,339	-	-	9,380,339
Total Financial assets	10,885,627	10,880,376	355,698	-	10,524,679
Financial liabilities					
Debt securities	11,225,502	11,100,183	9,303,398	1,694,284	102,500
Total Financial liabilities	11,225,502	11,100,183	9,303,398	1,694,284	102,500

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 31 December 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
				31/12/2025
Cash, central banks	741,897		(42)	741,855
Financial assets at fair value through profit or loss	4,577			4,577
Hedging derivative instruments	663,081			663,081
Financial assets at fair value through other comprehensive income	721,498			721,498
Securities at amortized cost	528,163		(511)	527,652
Loans and receivables due from credit institutions	235,801		(20)	235,782
Loans and advances to customers	9,485,853		(513)	9,485,341
Revaluation adjustment on interest rate hedged portfolios				-
Current tax assets				-
Other assets	1,586			1,586
Sub-total Assets	12,382,458	-	(1,085)	12,381,373
Financing commitments given	786,414			786,414
TOTAL Credit risk exposure	13,168,871	-	(1,085)	13,167,786

Exposure analysis by counterparty

	Total
	31/12/2025
Central banks	741,855
Local public sector	11,007,807
Credit institutions guaranteed by the EEA States	286,886
Credit institutions	1,098,923
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	31,346
Non-financial corporations	969
Total Exposure by counterparty	13,167,786

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
	31/12/2025
France	12,311,110
Supranational	316,794
Canada	174,027
Germany	92,860
Switzerland	92,845
Finland	37,376
New Zealand	33,121
Belgium	31,133
Netherlands	24,007
Poland	13,690
Denmark	12,352
South Korea	12,062
Australia	10,052
Sweden	6,358
Total Exposure by geographic area	13,167,786

As credits are solely granted to French local authorities, the largest exposure is to France.

Exposures to other countries (EEA, North America, Asia and Oceania) result from Agence France Locale's cash management policy and its investment in sovereign or equivalent securities.

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

(€ '000s)	Less than 3 month	3 month to 1 year	1 year to 5 years	more than 5 years	Total	Related receivables and payables	Revaluation	Total
								31/12/2025
Cash, central banks	741,855				741,855			741,855
Financial assets at fair value through profit or loss		409	2,253	1,852	4,514	63		4,577
Hedging derivative instruments	2,895	1,786	57,353	603,232	665,266	(2,184)		663,081
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	6,812		306,399	270,221	583,432	6,329	(23,293)	566,468
Bonds	39,914		106,922	9,199	156,035	1,109	(2,113)	155,030
Total Financial assets at fair value through other comprehensive income	46,727	-	413,320	279,420	739,467	7,437	(25,406)	721,498
Securities at amortized cost								
Government paper and similar securities		5,850	236,478	264,134	506,462	3,409	(10,609)	499,262
Bonds			6,314	21,740	28,054	91	245	28,390
Total Securities at amortized cost	-	5,850	242,792	285,874	534,516	3,500	(10,364)	527,652
Loans and receivables due from credit institutions	175,161	40,000	20,000		235,161	620		235,782
Loans and advances to customers	351,479	755,498	2,783,066	6,001,766	9,891,808	27,664	(434,132)	9,485,341
Revaluation adjustment on interest rate hedged portfolios								-
Current tax assets								-
Other assets	1,586				1,586			1,586
TOTAL ASSETS								12,381,373
Central banks								-
Financial assets at fair value through profit or loss		409	2,254	1,852	4,515	63		4,578
Hedging derivative instruments	11	7,509	172,337	389,283	569,140	(93,913)		475,227
Debt securities		774,288	4,430,002	6,277,036	11,481,326	127,879	(383,702)	11,225,502
Due to credit institutions	256,399				256,399			256,399
Revaluation adjustment on interest rate hedged portfolios							105,002	105,002
Other liabilities								-
TOTAL LIABILITIES								12,066,709

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.

Interest rate risk includes the risk that AFL will suffer losses due to unfavourable changes in interest rates due to all of its balance sheet and off-balance sheet transactions, in particular in the event of a mismatch between the interest rates generated by its assets and those arising from its liabilities. Interest rate risk includes the risk of refinancing an asset at a higher interest rate than the original interest rate, or the risk of replacing an asset at a lower rate than the original one. In both cases, in the event of a change in interest rates, there may be a negative impact on the net margin of interest that reduces AFL's income.

In order to maintain its financial base for the development of its lending activities, AFL has also set up a hedging policy for interest rate risks in order to limit the exposure of its balance sheet and the volatility of its revenues to unwanted market movements.

AFL's interest rate hedging policy consists of:

- a systematic micro-hedging of fixed-rate debt to be converted into floating-rate debt mainly indexed to the three-month Euribor reference using interest rate swaps;
- micro-hedging of loans contracted at a fixed or floating Euribor six-month or twelve-month rate to convert them into floating-rate loans indexed to the Euribor three-month reference, except for fixed-rate loans corresponding to a limited portion of the balance sheet at least equal to the re-use of prudential capital. The resulting exposure to interest rate risk is influenced by the sensitivity to AFL's net present value rate, which measures the impact of a predefined rate shock on the variation in discounted cash flows of all assets and liabilities on the AFL balance sheet; and
- a macro-hedging of fixed-rate loans that are small or whose depreciation profile is not linear.

The hedging strategy for interest rate risk translated into a notional outstanding amount of swaps of €21 billion at December 31, 2025.

Throughout the year 2025, the sensitivity of the AFL Group's net present value to various interest rate scenarios remained below 15% of equity.

The table below shows interest rate risk in the banking book (IRRBB) excluding the trading book through changes in the economic value of equity and net interest income.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-5.48%	-6.96%	0.93%	-0.17%
2	Parallel down	6.69%	9.26%	-0.94%	0.29%
3	Steeper	-2.22%	-2.16%		
4	Flattener	1.39%	1.08%		
5	Short rates up	-0.40%	-1.13%		
6	Short rates down	1.17%	1.56%		

Currency risk covers the risk for the AFL Group through AFL of generating losses on capital borrowed or loaned in currencies other than the euro. AFL's policy aims to systematically hedge this risk by setting up currency micro-hedging swaps, also called cross currency swaps. Thus, assets and liabilities denominated in currencies other than the euro are systematically swapped into euros as soon as they are entered on the balance sheet and until their final maturity.



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Agence France Locale S.A.

**Statutory auditors' report on the consolidated
financial statements**

For the year ended 31 December 2025
Agence France Locale - S.A.
41 Quai d'Orsay - 75007 PARIS



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This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Agence France Locale S.A.

Address : 112 rue Garibaldi – 69 006 Lyon

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2025

To the Annual General Meeting of Agence France Locale S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Agence France Locale S.A. for the year ended 31 December 2025.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2025 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 01 January 2025 to the date of our report

and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments and in our professional judgment, we considered there was no key audit matters relating to risks of material misstatement to express in our report to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as auditors of Agence France Locale S.A. by your Annual General Meeting on December 17, 2013.

As of December 31, 2025, the firms KPMG S.A. and Cailliau Dedouit et Associés were in their 12th year of total uninterrupted engagement, which are the 11th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal

audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, March 25th, 2026

Paris, March 25th, 2026

The statutory auditors
French original signed by

Sophie Meddouri
Associée

Sandrine Le Mao
Associé