



La banque des  
collectivités locales

# ANNUAL REPORT OF AFL-ST

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

## KEY FIGURES (2025/12/31)

- › 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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To view the AFL Group's annual report, please refer to "AFL-ST  
Rapport de gestion 2025"

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**CONSOLIDATED FINANCIAL STATEMENTS OF AFL-ST  
UNDER IFRS**

# AGENCE FRANCE LOCALE - Société Territoriale

## 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	533,829	472,127
Loans and receivables due from credit institutions and similar items at amortized cost	5	236,705	251,885
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	1,501	4,366
Accruals and other assets	8	2,868	4,270
Intangible assets	9	3,072	1,513
Property, plant and equipment	9	13,261	12,380
Goodwill			
<b>TOTAL ASSETS</b>		<b>12,407,589</b>	<b>10,925,200</b>

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	256,411	211,737
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		105,002	57,527
Current tax liabilities		678	361
Deferred tax liabilities	7	45	1,620
Accruals and other liabilities	12	4,649	4,443
Provisions	13	164	162
<b>Equity</b>		<b>335,332</b>	<b>307,005</b>
<b>Equity, Group share</b>		<b>335,331</b>	<b>307,005</b>
Share capital and reserves		285,408	264,977
Consolidated reserves		41,829	39,922
Gains and losses recognised directly in equity		(2,722)	(3,301)
Profit (loss) for the period		10,816	5,407
<b>Non-controlling interests</b>			
<b>TOTAL LIABILITIES</b>		<b>12,407,589</b>	<b>10,925,200</b>

## Income statement

(€ '000s)	Notes	31/12/2025	31/12/2024
Interest and similar income	15	367,638	457,908
Interest and similar expenses	15	(337,999)	(433,780)
Fee & Commission Income	16	527	441
Fee & Commission Expense	16	(227)	(223)
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			
<b>NET BANKING INCOME</b>		<b>30,825</b>	<b>24,061</b>
Operating expenses	19	(17,004)	(15,019)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(542)	(1,194)
<b>GROSS OPERATING INCOME</b>		<b>13,278</b>	<b>7,848</b>
Cost of risk	20	39	(381)
<b>OPERATING INCOME</b>		<b>13,317</b>	<b>7,467</b>
Net gains and losses on other assets	21		(1)
<b>INCOME BEFORE TAX</b>		<b>13,317</b>	<b>7,466</b>
Income tax	22	(2,501)	(2,059)
<b>NET INCOME</b>		<b>10,816</b>	<b>5,407</b>
Non-controlling interests			
<b>NET INCOME GROUP SHARE</b>		<b>10,816</b>	<b>5,407</b>
Basic earnings per share (in EUR)		3.79	2.04
Diluted earnings per share (in EUR)		3.79	2.04

## Net income and other comprehensive income

(€ '000s)	31/12/2025	31/12/2024
<b>Net income</b>	<b>10,816</b>	<b>5,407</b>
<b>Items will be reclassified subsequently to profit or loss</b>	<b>3,632</b>	<b>(3,082)</b>
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
<b>Elements not recyclable in profit or loss</b>	<b>(3,053)</b>	<b>3,828</b>
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)
<b>Total gains and losses recognized directly in equity</b>	<b>579</b>	<b>746</b>
<b>COMPREHENSIVE INCOME</b>	<b>11,395</b>	<b>6,153</b>

## Consolidated statement of changes in equity

	Capital	Associated reserves to capital	Consolidated reserves	Other equity instruments	Gains and losses recognized directly in comprehensive income				Net income, Group share	Share-holders' equity - Group share	Share-holders' equity, non-controlling interests	Total share-holders equity
					Recyclable		Not recyclable					
					Net change in fair value of Financial assets at fair value through other comprehensive income	Net change in fair value of cash flow hedging derivatives, after tax	Revaluation in respect of defined benefit plans	Other items recognized through other comprehensive income not recyclable to income				
<b>Shareholders' equity at 1 January 2024</b>	<b>232,048</b>	-	<b>(15,254)</b>	-	<b>(3,123)</b>	-	-	<b>(928)</b>	<b>5,739</b>	<b>218,481</b>	-	<b>218,481</b>
Increase in share capital	32,929									32,929		<b>32,929</b>
Elimination of treasury shares												
Issuance / redemption of equity instruments				49,441						49,441		<b>49,441</b>
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2023			5,739						(5,739)			
Dividends 2023 paid												
<b>Sub-total of changes linked to transactions with shareholders</b>	<b>32,929</b>	-	<b>5,739</b>	<b>49,441</b>	-	-	-	-	<b>(5,739)</b>	<b>82,370</b>	-	<b>82,370</b>
Changes in fair value through equity					(4,298)					(4,298)		<b>(4,298)</b>
Change in value of through profit or loss					150					150		<b>150</b>
Revaluation of financial assets at fair value through not recyclable equity								<b>5,109</b>		5,109		<b>5,109</b>
Changes in actuarial gains on retirement benefits			(3)							(3)		<b>(3)</b>
Related taxes					1,067			<b>(1,277)</b>		(211)		<b>(211)</b>
<b>Changes in gains and losses recognized directly in equity</b>	-	-	<b>(3)</b>	-	<b>(3,082)</b>	-	-	<b>3,832</b>	-	<b>746</b>	-	<b>746</b>
2024 Net income									<b>5,407</b>	5,407		<b>5,407</b>
<b>Sub-total</b>	-	-	<b>(3)</b>	-	<b>(3,082)</b>	-	-	<b>3,832</b>	-	<b>6,153</b>	-	<b>6,153</b>
Effect of acquisitions and disposals on non-controlling interests												
<b>Shareholders' equity at 31 December 2024</b>	<b>264,977</b>	-	<b>(9,519)</b>	<b>49,441</b>	-	<b>6,204</b>	-	<b>2,904</b>	<b>5,407</b>	<b>307,005</b>	-	<b>307,005</b>
Increase in share capital	20,431 <sup>(1)</sup>									20,431		<b>20,431</b>
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes			(3,500)							(3,500)		<b>(3,500)</b>
Allocation of profit 2024			5,407						(5,407)			
Dividends 2024 paid												
<b>Sub-total of changes linked to transactions with shareholders</b>	<b>20,431</b>	-	<b>1,907</b>	-	-	-	-	-	<b>(5,407)</b>	<b>16,931</b>	-	<b>16,931</b>
Changes in fair value through equity					4,566					4,566		<b>4,566</b>
Change in value of through profit or loss					319					319		<b>319</b>
Revaluation of financial assets at fair value through not recyclable equity								(4,070)		(4,070)		<b>(4,070)</b>
Changes in actuarial gains on retirement benefits												
Related taxes					(1,254)			1,018		(236)		<b>(236)</b>
<b>Changes in gains and losses recognized directly in equity</b>	-	-	-	-	<b>3,632</b>	-	-	<b>(3,053)</b>	-	<b>579</b>	-	<b>579</b>
31 December 2025 Net income									<b>10,816</b>	10,816		<b>10,816</b>
<b>Sub-total</b>	-	-	-	-	<b>3,632</b>	-	-	<b>(3,053)</b>	<b>10,816</b>	<b>11,395</b>	-	<b>11,395</b>
Effect of acquisitions and disposals on non-controlling interests												
<b>Shareholders' equity at 31 December 2025</b>	<b>285,408</b>	-	<b>(7,612)</b>	<b>49,441</b>	<b>(2,573)</b>	-	-	<b>(149)</b>	<b>10,816</b>	<b>335,332</b>	-	<b>335,332</b>

(1) The share capital of Agence France Locale - Société Territoriale which amounts on 31 of December, 2025 to € 285,407,800 consists of 2,854,078 shares. The Company carried out four capital increases during the year 2025 subscribed on 13th March for € 8,370K, on 18th June 2025 for €8,296K on 4th November for € 1,636K, on 31th December for € 2,129K.

## Cash flow statement

(€ '000s)	31/12/2025	31/12/2024
<b>Net income before taxes</b>	<b>13,317</b>	<b>7,466</b>
+/- Net depreciation and amortisation of tangible and intangible non-current assets	542	1,194
+/- Net provisions and impairment charges	(39)	406
+/- Expense/income from investing activities	(22,522)	(16,684)
+/- Expense/income from financing activities	(16,258)	(51,053)
+/- Other non-cash items	(24,159)	(18,161)
<b>= Non-monetary items included in net income before tax and other adjustments</b>	<b>(62,436)</b>	<b>(84,298)</b>
+/- 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	5,594	(3,821)
- Income tax paid	768	812
= Decrease/(increase) in cash from operating activities	(1,263,310)	(1,398,686)
<b>= CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(1,312,429)</b>	<b>(1,475,518)</b>
+/- Flows linked to financial assets and investments	19,269	(273,053)
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(3,205)	(10,736)
<b>= CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>16,064</b>	<b>(283,789)</b>
+/- Cash from or for shareholders	20,054	81,919
+/- Other cash from financing activities	1,506,711	1,308,272
<b>= CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>1,526,765</b>	<b>1,390,191</b>
<b>EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)</b>		
<b>Increase/(decrease) In cash equivalents (A + B+ C + D)</b>	<b>230,399</b>	<b>(369,116)</b>
Cash flow from operating activities (A)	(1,312,429)	(1,475,518)
Cash flow from investing activities (B)	16,064	(283,789)
Cash flow from financing activities (C)	1,526,765	1,390,191
Effect of changes in exchange rates on cash and cash equivalents (D)		
<b>Cash and cash equivalents at the beginning of the period</b>	<b>621,318</b>	<b>990,434</b>
Cash and balances with central banks (assets & liabilities)	485,839	974,861
Interbank accounts (assets & liabilities) and loans/deposits at sight	135,479	15,572
<b>Cash and cash equivalents at the end of the period</b>	<b>851,717</b>	<b>621,318</b>
Cash and balances with central banks (assets & liabilities)	741,856	485,839
Interbank accounts (assets & liabilities) and loans/deposits at sight	109,861	135,479
<b>CHANGE IN NET CASH</b>	<b>230,399</b>	<b>(369,116)</b>

## NOTES TO THE FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

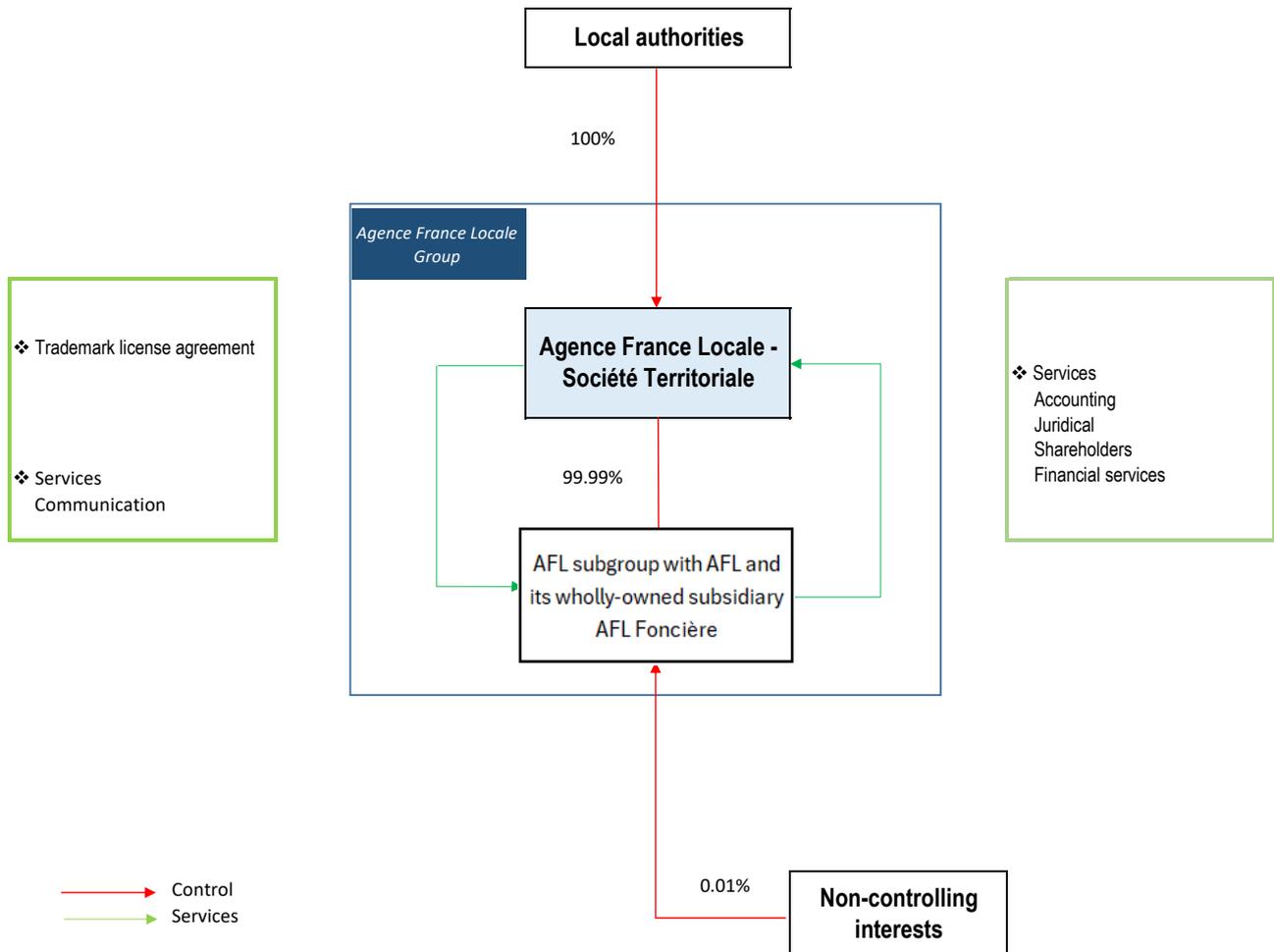
### General framework

#### 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 19, 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, saw its capital increase by €20.4 million through four capital increases, bringing AFL's share capital from €265 million as of January 1, 2025, to €285.4 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 €30,825K compared to €24,061K for the 2024 financial year. This strong 28% increase in NBI in IFRS standards is explained by the following elements:

- A marked increase in the net interest margin from €24,128K as of December 31, 2024 to €29,639K 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 €300K as of December 31, 2025, compared to €219K 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 €29,639K 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.
- €56.5 million in net interest income from hedging instruments on the liquidity and collateral management reserve assets in 2025, compared to €98.4 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 €17,004K, compared to €15,019K 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 €8,182K, compared to €7,515K for the previous year. General operating expenses also include administrative expenses, which amount to €8,822K, compared to €7,504K as of December 31, 2024.

The change in administrative expenses is explained by the following factors:

- External services, net of recharges between AFL and AFL-ST, increased by €1,373K to €8,273K as of December 31, 2025, compared to €6,901K 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 decreased to €549K, compared to €604K for the previous financial year, due to the decrease in contributions to banking regulatory bodies. 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 €542K as of December 31, 2025, compared to €1,194K 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 €13,278K compared to €7,848K for the previous year.

As of December 31, 2025, AFL reversed provisions for an amount of €39K on ex-ante expected credit losses on financial assets under IFRS 9, compared to an allowance of €381K for the previous fiscal year. This results in a total IFRS 9 provision stock of €1,504K as of December 31, 2025, compared to €1,543K 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 €13,317K, compared to €7,467K 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 €460K as of December 31, 2025.

After tax, AFL closed the 2025 fiscal year with a net income of €10,816K, compared to €5,407K 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 Group, judgments and estimates used

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 Group's financial statements, as the Group does not transact in non-exchangeable currencies.

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

AFL Group 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 Group's financial statements.

### IV - Accounting principles applied to the financial statements

#### Scope of consolidation and control

The AFL Group is structured as follows:

- The Group parent company is AFL ST
- The AFL, "Agency" over which the AFL ST exercises exclusive control through its holding of 99.99% of the voting rights and which is consolidated using the global integration method
- AFL Foncière, a wholly-owned subsidiary of AFL whose principal purpose is the acquisition of a property located in the Lyon-Part-Dieu district, and which is consolidated using the global integration method.

#### 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 ST hold an exclusive control on Agence. 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 Group 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 Group 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 Group 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 Group does not hold any debt instruments measured at fair value through non-recyclable equity.

### **Recognition date of securities**

AFL Group 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
Land	Not depreciable
Structural work and façades	40 years
General technical installations	10 or 30 years
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***

The Group 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

(€ '000s)	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	4,577	4,578	6,056	6,054
Financial assets at fair value option through profit or loss				
<b>Total financial assets at fair value through profit or loss</b>	<b>4,577</b>	<b>4,578</b>	<b>6,056</b>	<b>6,054</b>

#### Financial assets held for trading

(€ '000s)	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	4,577	4,578	6,056	6,054
<b>Total Financial assets held for trading</b>	<b>4,577</b>	<b>4,578</b>	<b>6,056</b>	<b>6,054</b>

(€ '000s)	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
<b>FIRM TRANSACTIONS</b>	<b>98,000</b>	<b>98,000</b>	<b>4,577</b>	<b>4,578</b>	<b>144,000</b>	<b>144,000</b>	<b>6,056</b>	<b>6,054</b>
<b>Organised markets</b>	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
<b>Over-the-counter markets</b>	<b>98,000</b>	<b>98,000</b>	<b>4,577</b>	<b>4,578</b>	<b>144,000</b>	<b>144,000</b>	<b>6,056</b>	<b>6,054</b>
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								
<b>CONDITIONAL TRANSACTIONS</b>	-	-	-	-	-	-	-	-
<b>Organised markets</b>	-	-	-	-	-	-	-	-
<b>Over-the-counter markets</b>	-	-	-	-	-	-	-	-

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

## Note 2 - HEDGING DERIVATIVES

### Analysis by type of hedge

(€ '000s)	31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities
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
<b>Total Hedging derivatives</b>	<b>663,081</b>	<b>475,227</b>	<b>676,072</b>	<b>518,313</b>

### Detail of derivatives designated as fair value hedges

(€ '000s)	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
<b>FIRM TRANSACTIONS</b>	<b>11,825,948</b>	<b>7,208,318</b>	<b>545,488</b>	<b>454,703</b>	<b>10,472,159</b>	<b>6,712,198</b>	<b>585,441</b>	<b>479,109</b>
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								
<b>CONDITIONAL TRANSACTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

### Detail of derivatives designated as interest rate hedged portfolios

(€ '000s)	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
<b>FIRM TRANSACTIONS</b>	<b>171,070</b>	<b>1,641,250</b>	<b>117,593</b>	<b>20,524</b>	<b>175,870</b>	<b>1,473,029</b>	<b>90,631</b>	<b>39,204</b>
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								
<b>CONDITIONAL TRANSACTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)
(€ '000s)	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		
<b>Financial Instruments at fair value through profit or loss</b>	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
<b>Loans and receivables from credit institutions and customers</b>	9,722,045	-	9,722,045	-	-	-	9,722,045
Of which repurchase agreements	-	-	-	-	-	-	-
<b>Accrued Income and other assets</b>	2,868	-	2,868	-	-	-	2,868
Including security deposits given	-	-	-	-	-	-	-
<b>Other non offset assets</b>	2,015,018	-	2,015,018	-	-	-	2,015,018
<b>TOTAL ASSETS</b>	<b>12,407,589</b>	<b>-</b>	<b>12,407,589</b>	<b>404,311</b>	<b>256,397</b>	<b>-</b>	<b>11,746,881</b>

31/12/2024							
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
(€ '000s)	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		
<b>Financial Instruments at fair value through profit or loss</b>	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
<b>Loans and receivables from credit institutions and customers</b>	8,499,215	-	8,499,215	-	-	-	8,499,215
Of which repurchase agreements	-	-	-	-	-	-	-
<b>Accrued Income and other assets</b>	4,270	-	4,270	-	-	-	4,270
Including security deposits given	-	-	-	-	-	-	-
<b>Other non offset assets</b>	1,739,587	-	1,739,587	-	-	-	1,739,587
<b>TOTAL ASSETS</b>	<b>10,925,200</b>	<b>-</b>	<b>10,925,200</b>	<b>440,553</b>	<b>211,736</b>	<b>-</b>	<b>10,272,911</b>

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)							
<b>Financial Instruments at fair value through profit or loss</b>	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)
<b>Loans and receivables from credit institutions and customers</b>	256,411	-	256,411	-	-	-	256,411
Of which repurchase agreements	-	-	-	-	-	-	-
<b>Other non offset liabilities</b>	11,336,042	-	11,336,042	-	-	-	11,336,042
<b>TOTAL LIABILITIES</b>	<b>12,072,258</b>	<b>-</b>	<b>12,072,258</b>	<b>404,311</b>	<b>66,352</b>	<b>69,024</b>	<b>11,532,570</b>

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)							
<b>Financial Instruments at fair value through profit or loss</b>	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)
<b>Loans and receivables from credit institutions and customers</b>	211,737	-	211,737	-	-	-	211,737
Of which repurchase agreements	-	-	-	-	-	-	-
<b>Other non offset liabilities</b>	9,882,091	-	9,882,091	-	-	-	9,882,091
<b>TOTAL LIABILITIES</b>	<b>10,618,195</b>	<b>-</b>	<b>10,618,195</b>	<b>440,553</b>	<b>55,670</b>	<b>68,574</b>	<b>10,053,398</b>

## 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		
<b>Net amount in balance sheet</b>	<b>721,498</b>	<b>763,359</b>
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	
<b>Expected losses as of 31st December 2024</b>	<b>(531)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
<b>Total transfer movement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement attributable to financial instruments recognized over the period</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Acquisitions</i>	(77)			
<i>Re-estimate of parameters</i>	34			
<i>Bad debts written off</i>				
<i>On sales</i>	172			
<b>Expected losses as of 31st December 2025</b>	<b>(402)</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Fixed-Income securities - Analysis by counterparty

(€ '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
<b>Net amount in balance sheet</b>	<b>721,498</b>	<b>763,359</b>

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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>763,359</b>	<b>718,523</b>	<b>(768,407)</b>	<b>(964)</b>	<b>2,866</b>	<b>866</b>	<b>5,257</b>	<b>721,498</b>

## Note 4 - SECURITIES AT AMORTIZED COST

### Fixed-income securities - Analysis by nature

(€ '000s)	31/12/2025	31/12/2024
Government paper and similar securities	505,439	464,945
Bonds	28,390	7,181
Other fixed income securities		
<b>Net amount in balance sheet</b>	<b>533,829</b>	<b>472,127</b>
Including expected credit losses on debt instruments	(516)	(502)

Expected credit losses on securities at amortized cost	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
<b>Expected losses as of 31st December 2024</b>	<b>(502)</b>	-	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
<b>Total transfer movement</b>	-	-	-	-
<b>Movement attributable to financial instruments recognized over the period</b>	<b>(15)</b>	-	-	-
<i>Acquisitions</i>	(88)			
<i>Re-estimate of parameters</i>	59			
<i>Bad debts written off</i>				
<i>On sales</i>	15			
<b>Expected losses as of 31st December 2025</b>	<b>(516)</b>	-	-	-

### Fixed-income securities - Analysis by counterparty

(€ '000s)	31/12/2025	31/12/2024
Local public sector	226,816	231,713
Financial institutions and other financial corporations	276,655	210,644
Non-financial corporations	30,358	29,769
<b>Net amount in balance sheet</b>	<b>533,829</b>	<b>472,127</b>

Fixed income securities held on Financial institutions include €278,623K 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	464,945	70,700	(27,868)	(5,140)	(786)	6	3,586	(3)	505,439
Bonds	7,181	21,150	-	(527)	29	(7)	576	(11)	28,390
Other fixed income securities	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>472,127</b>	<b>91,850</b>	<b>(27,868)</b>	<b>(5,667)</b>	<b>(757)</b>	<b>(2)</b>	<b>4,162</b>	<b>(15)</b>	<b>533,829</b>

## 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		
<b>Cash and central banks</b>	<b>741,897</b>	<b>485,873</b>
Impairment	(42)	(30)
<b>Net amount in balance sheet</b>	<b>741,855</b>	<b>485,842</b>

## Receivables on credit institutions

(€ '000s)	31/12/2025	31/12/2024
Loans and receivables		
- on demand and short notice	110,039	135,800
- term	60,334	60,440
Cash collateral paid	66,352	55,670
Securities bought under repurchase agreements		
<b>TOTAL</b>	<b>236,724</b>	<b>251,911</b>
Impairment for expected losses	(20)	(26)
<b>NET CARRYING AMOUNT</b>	<b>236,705</b>	<b>251,885</b>

## 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
<b>Customers transactions before impairment charges</b>	<b>9,485,853</b>	<b>8,247,775</b>
Impairment	(513)	(446)
<b>Net carrying amount</b>	<b>9,485,341</b>	<b>8,247,330</b>
<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>				
<b>Total transfer movement</b>	<b>(11)</b>	<b>11</b>	<b>-</b>	<b>-</b>
<b>Movement attributable to financial instruments recognized over the period</b>	<b>(34)</b>	<b>(39)</b>	<b>-</b>	<b>-</b>
<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		
<b>Expected losses as of 31st December 2025</b>	<b>(446)</b>	<b>(128)</b>	<b>-</b>	<b>-</b>

## 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
<b>Financial assets at fair value through other comprehensive income</b>						
<i>Depreciations on performing assets</i>	531	43	(172)	(129)		402
<i>Depreciations on non-performing assets</i>	-					-
<i>Depreciations on doubtful assets</i>	-					-
<b>Total</b>	<b>531</b>	<b>43</b>	<b>(172)</b>	<b>(129)</b>		<b>402</b>

### Financial assets at amortized cost

<i>Depreciations on performing assets</i>	902	97	(38)	60		962
<i>Depreciations on non-performing assets</i>	100	43	(14)	28		129
<i>Depreciations on doubtful assets</i>	-					-
<b>Total</b>	<b>1,003</b>	<b>140</b>	<b>(52)</b>	<b>88</b>		<b>1,091</b>

## 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	534,346			(516)			533,829
Loans and receivables due from credit institutions at amortized cost	236,724			(20)			236,705
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
<b>Net asset as at 1st of January</b>	<b>2,745</b>	<b>4,244</b>
<i>Of which deferred tax assets</i>	4,366	4,631
<i>Of which deferred tax liabilities</i>	1,620	387
<b>Recognised in Income statement</b>	<b>(1,053)</b>	<b>(1,288)</b>
Income statement (charge) / credit	(1,053)	(1,288)
<b>Recognised in equity</b>	<b>(236)</b>	<b>(211)</b>
Financial assets at fair value through other comprehensive income	(1,254)	1,067
Cash flow hedges	1,018	(1,277)
Other		
<b>Net asset as at</b>	<b>1,456</b>	<b>2,745</b>
<i>Of which deferred tax assets</i>	1,501	4,366
<i>Of which deferred tax liabilities</i>	45	1,620

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	460	2,121
Other temporary differences		
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>1,501</b>	<b>4,366</b>

(€ '000s)	31/12/2025	31/12/2024
Financial assets at fair value through other comprehensive income		
Cash flow hedges		968
Other temporary differences	45	652
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>45</b>	<b>1,620</b>

## Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	31/12/2025	31/12/2024
<b>Other assets</b>		
Deposits	1,402	2,487
Other assets	184	721
Impairment		
<b>Total</b>	<b>1,586</b>	<b>3,208</b>
<b>Accruals</b>		
Prepaid charges	1,156	887
Other deferred income	1	12
Transaction to receive and settlement accounts	1	
Other accruals	124	163
<b>Total</b>	<b>1,282</b>	<b>1,062</b>
<b>TOTAL OTHER ASSETS AND ACCRUALS</b>	<b>2,868</b>	<b>4,270</b>

## 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	93	1,329				(76)	1,346
<b>Intangible fixed assets gross amount</b>	<b>13,790</b>	<b>1,945</b>	-	-	-	(5)	<b>15,730</b>
Depreciation and allowances - Intangible fixed assets	(12,277)				(381)		(12,658)
<b>Intangible fixed assets net carrying amount</b>	<b>1,513</b>	<b>1,945</b>	-	-	(381)	(5)	<b>3,072</b>

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 €381k as of 31/12/2025 would have amounted to €739k 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	191					191
Property, plant & equipment	13,020	1,042	(9)			14,053
<b>Tangible fixed assets gross amount</b>	<b>13,211</b>	<b>1,042</b>	<b>(9)</b>	-	-	<b>14,244</b>
Depreciation and allowances - Tangible fixed assets	(831)		9	(161)		(984)
<b>Tangible fixed assets net carrying amount</b>	<b>12,380</b>	<b>1,042</b>	-	(161)	-	<b>13,261</b>

## 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		
<b>TOTAL</b>	<b>11,225,502</b>	<b>9,817,977</b>

## NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	31/12/2025	31/12/2024
Loans and receivables		
- on demand and short notice	14	0.2
- term		
Cash collateral paid	256,397	211,736
Securities bought under repurchase agreements		
<b>TOTAL</b>	<b>256,411</b>	<b>211,737</b>

## Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)					31/12/2025	31/12/2024
<b>Other liabilities</b>						
Miscellaneous creditors					2,506	2,346
<b>Total</b>					<b>2,506</b>	<b>2,346</b>
<b>Accruals</b>						
Transaction to pay and settlement accounts						10
Other accrued expenses					2,122	2,062
Unearned income						
Other accruals					22	25
<b>Total</b>					<b>2,143</b>	<b>2,097</b>
<b>TOTAL ACCRUALS AND OTHER LIABILITIES</b>					<b>4,649</b>	<b>4,443</b>

## 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
<b>Provisions</b>						
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						
<b>TOTAL</b>	<b>162</b>	<b>12</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>164</b>

## Note 14 - UNDATED FINANCIAL INSTRUMENTS

(€ '000s)	Issue date	Interest rate	Amount	Currency	31/12/2025	31/12/2024
<b>Agence France Locale</b>	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
<b>UNDATED DEEPLY SUBORDINATED NOTES</b>			
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			
<b>UNDATED SUBORDINATED NOTES</b>			
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
<b>Commitments given</b>	<b>855,438</b>	<b>613,459</b>
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>		
<b>Commitments received</b>	<b>1,554</b>	<b>1,691</b>
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	
<b>Expected losses as of 31st December 2024</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
<b>Total transfer movement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement attributable to financial instruments recognized over the period</b>	<b>2</b>			
<i>Charge</i>	12			
<i>Utilised</i>				
<i>Reversal utilised</i>	(10)			
<b>Expected losses as of 31st December 2025</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>

## VI - Notes to the Income Statement

### Note 15 - INTEREST INCOME AND EXPENSES

(€ '000s)	31/12/2025	31/12/2024
<b>Interest and similar income</b>	<b>367,638</b>	<b>457,908</b>
Due from banks	20,815	55,687
Due from customers	263,969	298,968
Bonds and other fixed income securities	40,309	47,253
<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>15,212</i>	<i>16,848</i>
Macro-hedge transactions	37,087	46,439
Other interest income	5,458	9,561
<b>Interest and similar expenses</b>	<b>(337,999)</b>	<b>(433,780)</b>
Due to banks	(4,665)	(4,571)
Debt securities	(298,684)	(396,342)
Macro-hedge transactions	(29,206)	(23,318)
Other interest expenses	(5,444)	(9,549)
<b>Interest margin</b>	<b>29,639</b>	<b>24,128</b>

### Note 16 - NET FEE AND COMMISSION INCOME

(€ '000s)	31/12/2025	31/12/2024
<b>Fee &amp; Commission Income</b>	<b>527</b>	<b>441</b>
Interbank transactions		
Customer transactions		
Securities transactions		
Forward financial instruments transactions		
Currencies transactions		
Financing commitments and guarantee	527	441
Other commissions received		
<b>Fee &amp; Commission Expense</b>	<b>(227)</b>	<b>(223)</b>
Interbank transactions	(27)	(43)
Securities transactions	(23)	(8)
Forward financial instruments transactions	(177)	(172)
Currencies transactions		
Financing commitments and guarantee		
Other commissions paid		
<b>Net Fee and Commission income</b>	<b>300</b>	<b>219</b>

### 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
<b>TOTAL</b>	<b>1,890</b>	<b>(747)</b>

## Analysis of net result of hedge accounting

(€ '000s)	31/12/2025	31/12/2024
<b>Fair value hedges</b>		
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
<b>Cash flow hedges</b>		
Fair value changes in the hedging derivatives - ineffective portion		
Discontinuation of cash flow hedge accounting		
<b>Portfolio hedge</b>		
Fair value changes in the hedged item	(48,599)	23,043
Fair value changes in the hedging derivatives	48,672	(23,034)
<b>Net result of hedge accounting</b>	<b>1,877</b>	<b>(749)</b>

## 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		
<b>Gains or (losses) on Financial assets at fair value through other comprehensive income</b>	<b>(1,005)</b>	<b>461</b>

## Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	31/12/2025	31/12/2024
<b>Employee expenses</b>		
Wages and salaries	5,282	4,924
Post-employment benefit expenses	557	472
Other expenses	2,343	2,119
<b>Total Employee expenses</b>	<b>8,182</b>	<b>7,515</b>
<b>Operating expenses</b>		
Taxes and duties	549	604
External services	8,273	6,901
<b>Total Administrative expenses</b>	<b>8,822</b>	<b>7,504</b>
Charge-backs and reclassification of administrative expenses		
<b>Total General operating expenses</b>	<b>17,004</b>	<b>15,019</b>

## Note 20 - COST OF RISK

(€ '000s)	31/12/2025	31/12/2024
Net charge to provisions	41	(386)
<i>for financial assets at fair value through other comprehensive income</i>	129	(118)
<i>for financial assets at amortized cost</i>	(88)	(268)
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		
<b>Total Cost of risk</b>	<b>39</b>	<b>(381)</b>

## 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		
<b>Total Gains on other assets</b>	<b>-</b>	<b>-</b>
Losses on sales of Investment securities		
Losses on sales of tangible or intangible assets		(1)
Charge of impairment		
<b>Total Losses on other assets</b>	<b>-</b>	<b>(1)</b>

## 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)	(1,288)
Ajustement on previous period		
<b>Total Income tax</b>	<b>(2,501)</b>	<b>(2,059)</b>

## RECONCILIATION OF THE THEORETICAL TAX RATE AND THE EFFECTIVE TAX RATE

### As of 31st December 2025

(€ '000s)	Base	Tax rate	Tax
Pre-tax income	13,317	25.83%	(3,439)
Impact of permanent differences		(6.92)%	922
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		(0.25)%	33
Impact of other items		0.13%	(17)
<b>Effective tax rate and tax charge</b>		<b>18.78%</b>	<b>(2,501)</b>

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	7,466	25.83%	(1,928)
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		1.36%	(101)
<b>Effective tax rate and tax charge</b>		<b>27.58%</b>	<b>(2,059)</b>

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 Dedouit et Associés				KPMG Audit			
	2025		2024		2025		2024	
	(€ '000s)		(€ '000s)		(€ '000s)		(€ '000s)	
<b>Audit</b>								
<b>Fees related to statutory audit, certification, examination of:</b>								
AFL-Société Territoriale (Parent company)	21	17	21	15	21	17	21	15
AFL-Société Opérationnelle (Subsidiary company)	101	83	121	85	104	83	121	85
<b>Sub-total</b>	<b>122</b>	<b>100</b>	<b>142</b>	<b>100</b>	<b>125</b>	<b>100</b>	<b>142</b>	<b>100</b>
<b>Other fees and benefits (*) :</b>								
AFL-Société Territoriale (Parent company)		-		-	18	43		-
AFL-Société Opérationnelle (Subsidiary company)	29	100	22	100	24	57	22	100
<b>Sub-total</b>	<b>29</b>	<b>100</b>	<b>22</b>	<b>100</b>	<b>42</b>	<b>100</b>	<b>22</b>	<b>100</b>
<b>TOTAL</b>	<b>152</b>		<b>165</b>		<b>167</b>		<b>165</b>	

(\*) Other fees and benefits are related to issue prospectus audit, capital increases, reliance letter, ESEF report review 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 them.

Their Director's remunerations on the exercise 2025 were the following ones :

(€ '000s)	31/12/2025
Fixed remuneration	1,307
Variable remuneration	181
Payments in kind	35
<b>Total</b>	<b>1,523</b>

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
<b>Financial assets</b>				
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	-	-	-	-
<b>Total Financial assets at fair value through other comprehensive income</b>	<b>721,498</b>	<b>569,644</b>	<b>-</b>	<b>151,855</b>
<b>Total Financial assets</b>	<b>1,389,157</b>	<b>569,644</b>	<b>667,659</b>	<b>151,855</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	4,578	-	4,578	-
Hedging derivative instruments	475,227	-	475,227	-
<b>Total Financial liabilities</b>	<b>479,805</b>	<b>-</b>	<b>479,805</b>	<b>-</b>

#### 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
<b>Financial assets</b>					
Cash, central banks and issuing institutions	741,855	741,855	-	-	741,855
Government paper and similar securities	505,439	500,369	333,666	-	166,704
Bonds	28,390	28,078	28,078	-	-
Other fixed income securities	-	-	-	-	-
<b>Total Securities at amortized cost</b>	<b>533,829</b>	<b>528,447</b>	<b>361,744</b>	<b>-</b>	<b>166,704</b>
Loans and receivables due from credit institutions	236,705	236,705	-	-	236,705
Loans and advances to customers	9,380,339	9,380,339	-	-	9,380,339
<b>Total Financial assets</b>	<b>10,892,728</b>	<b>10,887,346</b>	<b>361,744</b>	<b>-</b>	<b>10,525,602</b>
<b>Financial liabilities</b>					
Debt securities	11,225,502	11,100,183	9,303,398	1,694,284	102,500
<b>Total Financial liabilities</b>	<b>11,225,502</b>	<b>11,100,183</b>	<b>9,303,398</b>	<b>1,694,284</b>	<b>102,500</b>

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	534,346		(516)	533,829
Loans and receivables due from credit institutions	236,724		(20)	236,705
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
<b>Sub-total Assets</b>	<b>12,389,564</b>	<b>-</b>	<b>(1,091)</b>	<b>12,388,473</b>
Financing commitments given	786,414			786,414
<b>TOTAL Credit risk exposure</b>	<b>13,175,977</b>	<b>-</b>	<b>(1,091)</b>	<b>13,174,887</b>

### Exposure analysis by counterparty

(€ '000s)	Total
	31/12/2025
Central banks	741,855
Local public sector	11,010,644
Credit institutions guaranteed by the EEA States	290,227
Credit institutions	1,099,846
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
<b>Total Exposure by counterparty</b>	<b>13,174,887</b>

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	12,314,510
Supranational	320,134
Canada	174,027
Germany	92,860
Switzerland	92,845
Finland	37,376
New Zealand	33,121
Belgium	31,493
Netherlands	24,007
Poland	13,690
Denmark	12,352
South Korea	12,062
Australia	10,052
Sweden	6,358
<b>Total Exposure by geographic area</b>	<b>13,174,887</b>

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

	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
<b>Total Financial assets at fair value through other comprehensive income</b>	<b>46,727</b>	<b>-</b>	<b>413,320</b>	<b>279,420</b>	<b>739,467</b>	<b>7,437</b>	<b>(25,406)</b>	<b>721,498</b>
Securities at amortized cost								
Government paper and similar securities	347	7,667	237,477	267,088	512,580	3,468	(10,609)	505,439
Bonds			6,314	21,740	28,054	91	245	28,390
<b>Total Securities at amortized cost</b>	<b>347</b>	<b>7,667</b>	<b>243,791</b>	<b>288,828</b>	<b>540,634</b>	<b>3,559</b>	<b>(10,364)</b>	<b>533,829</b>
Loans and receivables due from credit institutions	176,084	40,000	20,000		236,084	621		236,705
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
<b>TOTAL ASSETS</b>								<b>12,388,473</b>
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	256,411				256,411			256,411
Revaluation adjustment on interest rate hedged portfolios							105,002	105,002
Other liabilities								-
<b>TOTAL LIABILITIES</b>								<b>12,066,720</b>

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	-6.26%	-6.93%	1.03%	-0.15%
2	Parallel down	7.63%	9.19%	-1.04%	0.27%
3	Steeper	-2.51%	-2.13%		
4	Flatter	1.56%	1.05%		
5	Short rates up	-0.48%	-1.15%		
6	Short rates down	1.34%	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.

*Agence France  
Locale - Société  
Territoriale S.A.*

**Statutory auditors' report on the consolidated  
financial statements**

For the year ended 31 December 2025  
Agence France Locale - Société Territoriale 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.*

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## **Agence France Locale - Société Territoriale S.A.**

Address : 41 Quai d'Orsay - 75007 PARIS

### **Statutory auditors' report on the consolidated financial statements**

For the year ended 31 December 2025

To the Annual General Meeting of Agence France Locale - Société Territoriale 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 – Société Territoriale 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 and Risks 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 Board of Directors.

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 – Société Territoriale 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, including four years since the date on which the entity came within the scope of Public Interest Entities (PIEs) as defined by European legislation.

### **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 and Risks 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 Board of Directors.

## **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 and Risks Committee**

We submit to the Audit and Risks 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 and Risks 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 and Risks 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 and Risks 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

Laurent Brun  
Associé



PILLAR 3  
REPORT OF  
AFL GROUP

# Agence France Locale

## Pillar 3 as of December 31, 2025

### 1. GENERAL PROVISIONS

The information contained in this document concerns “Agence France Locale - Société Territoriale” (LEI: 9695002K2HDLD20JU790) at the consolidated level as of December 31, 2025. Also, when AFL-ST is mentioned in the rest of the report, the AFL Group should be understood as a consolidated one.

The scope of consolidation consists of “Agence France Locale” (LEI: 969500NMI4UPOOIO8G47), which is 99.9999% owned. In early 2024, “Agence France Locale” created “Agence France Locale - Foncière”, a wholly owned and consolidated subsidiary to acquire a high-environmental-quality building undergoing rehabilitation. It will house AFL’s headquarters from 2026.

The data are presented in euros and under IFRS.

The information presented complies with Commission Implementing Regulation (EU) 2024/3172 of November 29, 2024 defining implementing technical standards for the publication, by institutions, of the information referred to in Titles II and III of the eighth part of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, known as “Pillar 3”.

In accordance with Article 25 (4) of the regulation, the numerical values are presented as follows:

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

## 2. SPECIAL PROVISIONS

### 2.1. Publication of key indicators and an overview of risk-weighted exposure amounts

Template EU OV1 - Overview of total risk exposure amounts

Data as of 31/12/2025 (T) and 31/12/2024 (T-1)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		T	T-1	T
1	Credit risk (excluding CCR)	340 333 707	298 664 245	27 226 697
2	Of which the standardised approach	340 333 707	298 664 245	27 226 697
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	11 778 115	11 500 039	942 249
7	Of which the standardised approach	9 569 519	-	765 562
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	2 208 596	11 500 039	176 688
9	Of which other CCR	-	-	-
10	Credit valuation adjustments risk - CVA risk	39 364 202	26 878 977	3 149 136
EU 10a	Of which the standardised approach (SA)	-	26 878 977	-
EU 10b	Of which the basic approach (F-BA and R-BA)	39 364 202	-	3 149 136
EU 10c	Of which the simplified approach	-	-	-
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	17 785 128	17 819 145	1 422 810
21	Of which the Alternative standardised approach (A-SA)	-	-	-
EU 21a	Of which the Simplified standardised approach (S-SA)	17 785 128	17 819 145	
22	Of which the Alternative Internal Models Approach (A-IMA)	-	-	-
EU 22a	Large exposures	-	-	-
23	Reclassifications between trading and non-trading books	-	-	-
24	Operational risk	46 263 404	39 985 112	3 701 072
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	2 082 231	-	166 578
26	Output floor applied (%)			
27	Floor adjustment (before application of transitional cap)			
28	Floor adjustment (after application of transitional cap)			
29	<b>Total</b>	<b>455 524 557</b>	<b>394 847 518</b>	<b>36 441 965</b>

## Template EU KM1 - Template for key indicators

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	<b>Available own funds (amounts)</b>					
1	Common Equity Tier 1 (CET1) capital	270 820 231	269 733 209	270 002 256	261 862 710	247 760 074
2	Tier 1 capital	279 391 904	269 733 209	270 002 256	261 862 710	247 760 074
3	Total capital	279 391 904	269 733 209	270 002 256	261 862 710	247 760 074
	<b>Risk-weighted exposure amounts</b>					
4	Total risk exposure amount	455 524 557	476 680 777	477 737 691	471 781 959	394 847 518
4a	Total risk exposure pre-floor	455 524 557	476 680 777	477 737 691	471 781 959	394 847 518
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5	Common Equity Tier 1 ratio (%)	59.45%	56.59%	56.52%	55.51%	62.75%
5a	Not applicable					
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	59.45%	56.59%	56.52%	55.51%	62.75%
6	Tier 1 ratio (%)	61.33%	56.59%	56.52%	55.51%	62.75%
6a	Not applicable					
6b	Tier 1 ratio considering unfloored TREA (%)	61.33%	56.59%	56.52%	55.51%	62.75%
7	Total capital ratio (%)	61.33%	56.59%	56.52%	55.51%	62.75%
7a	Not applicable					
7b	Total capital ratio considering unfloored TREA (%)	61.33%	56.59%	56.52%	55.51%	62.75%
	<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	1.25%
EU 7e	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.70%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.94%
EU 7g	Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	9.25%
	<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	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 (%)	0.97%	0.81%	0.76%	0.80%	0.76%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.47%	3.31%	3.26%	3.30%	3.26%
EU 11a	Overall capital requirements (%)	11.47%	11.31%	11.26%	11.30%	12.51%
12	CET1 available after meeting the total SREP own funds requirements (%)	53.33%	48.59%	48.52%	47.51%	53.50%
	<b>Leverage ratio</b>					
13	Total exposure measure	2 498 739 439	2 738 707 530	2 234 533 023	2 315 795 080	2 203 088 324
14	Leverage ratio (%)	11.18%	9.85%	12.08%	11.31%	11.25%
	<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
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%	3.00%	3.00%	3.00%	3.00%
	<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	<b>Liquidity Coverage Ratio</b>					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 321 019 731	1 656 197 433	1 182 120 718	1 399 349 409	1 343 598 364
EU 16a	Cash outflows - Total weighted value	341 537 863	376 477 003	381 774 930	700 900 767	381 568 041
EU 16b	Cash inflows - Total weighted value	70 459 835	60 846 859	154 000 891	164 694 423	81 059 149
16	Total net cash outflows (adjusted value)	346 030 493	214 944 610	628 232 311	404 379 351	300 508 892
17	Liquidity coverage ratio (%)	456.05%	900.50%	308.31%	371.97%	447.11%
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	10 665 032 858	10 841 688 145.6800	10 104 758 743.5100	9 337 092 132.0400	8 611 011 297.1400
19	Total required stable funding	6 830 798 163	6 551 746 492.3400	4 999 896 924.4900	3 876 848 402.6800	3 922 367 526.7800
20	NSFR ratio (%)	156.13%	165.48%	202.10%	240.84%	219.54%

Table EU OVC - ICAAP information

Legal basis	Row number	
Article 438, point a), of the CRR	(a)	Equity capital adequacy assessment method: AFL has adopted the “augmented Pillar 1” method, which uses the Pillar 1 assessment for risks covered by Pillar 1. Other risks are assessed by applying stress scenarios. The evolution of the risk weighting of most Local Authorities that are AFL counterparties in mid-2024 led the institution to abandon the “augmented Pillar 1” method for these exposures. AFL experts have established a new methodology based on the internal assessment of the risk weighting of these counterparties.
Article 438, point c), of the CRR	(b)	AFL did not receive a request for the publication of the results of the institution’s internal equity capital adequacy assessment process.

Agence France Locale - Société Territoriale, which does not hold funds in insurance or reinsurance companies or insurance holding companies and does not publish the “EU INS1” and “EU INS2” tables.

Agence France Locale - Société Territoriale not using an internal model for the calculation of its risk-weighted assets (RWA), it does not publish the tables “EU CM1 and EU CMS2”.

## 2.2. Publication of risk management objectives and policies

Table EU OVA - Institutional approach to risk management

Legal basis	Row number	
Article 435, paragraph 1, point f), of the CRR.	(a)	As of December 31, 2025, the AFL's financial risk situation is good: <ul style="list-style-type: none"> <li>• Credit exposures are primarily related to loans granted to AFL’s member local authorities. The average credit portfolio rating stands at 3.75, below 4.5. Over 2025, the average portfolio rating has deteriorated.</li> <li>• Credit exposures also stem from sovereign-supra-agency exposures and, to a lesser extent, from banks linked to the liquidity reserve and interest rate hedging of the balance sheet. 79% of exposures are rated at least AA-.</li> <li>• In terms of liquidity risk, as of 12/31/2025, AFL’s liquidity reserve amounts to €2.2 billion, with an NCRR ratio of 101%. In line with the risk appetite, the transformation - measured by the difference in the average duration of assets and liabilities - stands at 1.36 years. Consolidated regulatory indicators remain within their limits, with an LCR of 487% (30-day liquidity) and an NSFR of 156% (stable funding).</li> <li>• Regarding interest rate risk, the decrease in AFL’s net present value due to interest rate changes never exceeds 15% (regulatory scenarios). The decline in AFL’s net interest margin</li> </ul>

Legal basis	Row number	
		<p>due to interest rate changes never falls below the regulatory limit of 5%.</p> <p>AFL has implemented a comprehensive framework aimed at mitigating operational risks.</p> <p>As of December 31, 2025, AFL's non-financial risk situation is adequate, though challenges remain, including adapting the operational model to increased volumes and compliance projects in response to new regulatory requirements.</p> <ul style="list-style-type: none"> <li>• In 2025, no significant incidents (i.e., with an impact exceeding €1 million) were recorded.</li> </ul> <p>In terms of capitalisation:</p> <ul style="list-style-type: none"> <li>• The Tiers 1 solvency ratio stands at 61.33%.</li> <li>• The banking leverage ratio is 2.32%.</li> </ul> <p>Risk appetite is detailed in section VII.1 of the annual report and risk exposure in section VII.2.</p>
Article 435, paragraph 1, point b), of the CRR.	(b)	Information on the risk governance structure for each type of risk: See section VII.4 of the annual report
Article 435, paragraph 1, point e), of the CRR.	(c)	<p>Statement approved by the management body on the adequacy of the risk management systems:</p> <p>On 25 March 2026, the Management Board, the AFL Supervisory Board and the AFL-ST Board of Directors certified the adequacy of the AFL Group's risk management system and ensured that the risk management systems put in place since AFL's creation are appropriate in view of the Group's risk profile and strategy.</p>
Article 435, paragraph 1, point c), of the CRR.	(d)	<p>Publication of the scope and nature of risk reporting and/or assessment systems:</p> <p>The Global Risk Committee oversees all AFL risks, in terms of volume and in kind. It monitors and manages the institution's risk measurement, monitoring and management systems.</p> <p>It periodically analyses and measures the risks incurred by AFL and assesses the level of control by AFL, in a cross-functional and prospective manner. It defines the scope of its monitoring and the frequency of monitoring of each of the risks it has identified.</p> <p>It has measurement and control systems adapted to changes in risks, through action plans, the implementation of which it monitors. It ensures the existence of an appropriate system of limits and updates them, ensures compliance with existing limits and their periodic review.</p> <p>Risks are monitored using internal and regulatory indicators published at a frequency appropriate to the nature of the risk; these indicators are produced by the Commitments and Risk Department or by operational staff and controlled by the CRD. Non-financial risk indicators are mainly based on expert opinions by operational staff and the Commitments and Risk Department.</p> <p>The measurement of credit risk on local authorities is based on a rating model implemented by AFL since its creation. Each local authority is assessed by the AFL Commitments Division, which</p>

Legal basis	Row number	
		<p>relies on the rating model. The rating<sup>1</sup> corresponds to an assessment of the financial health of the local authority and is a key element in the credit policy.</p> <p>This is based on a quantitative rating based, on the one hand, on financial indicators and, on the other hand, on socio-economic indicators. In addition, a qualitative analysis may be carried out depending on the risk profile or the amount granted. Moreover, the Commitments Division may have to propose to the Credit Committee an override of the system rating by downgrading or improving it. Overriding takes place exceptionally.</p> <p>The financial and socio-economic rating grids in place are common to all local authorities - with the exception of unions for which the socio-economic rating is not applied, making it possible to have homogeneous rating criteria, regardless of the type of community. The system rating (quantitative rating including socio-economic elements) is automatically generated by a rating tool on the basis of financial data (provisional data at mid-year n+1 and final data in January n+2) and socio-economic data (data available in September).</p> <p>In addition, AFL reserves the right to update the rating at its discretion, in accordance with the principles of monitoring and prudence.</p> <p>The rating model is an expert opinion model. It is undergoing maintenance work. Work to ensure the robustness and stability of the rating model is carried out at regular intervals.</p> <p>Liquidity and interest rate risks are monitored in ALCo on a monthly basis using indicators detailed below.</p> <p>Main identification and measurement tools non-financial risks are risk mapping and the incident reporting system.</p> <p>The objective of the risk mapping process is to consistently identify and assess the main risk areas for the entire AFL Group. To this end, it focuses on the main risks, with as criterion the importance of the potential impact and the frequency of occurrence. The exercise thus makes it possible to prioritize risks on an objective basis and to ensure coherence of evaluation between the various departments and functions involved. It is reviewed on a biannual basis.</p> <p>The incident collection system makes it possible to measure the impact and frequency of occurrence of the risks identified. The system provides for the systematic reporting of incidents within the AFL Group beyond predefined thresholds.</p>
<p>Article 435, paragraph 1, point c), of the CRR.</p>	<p>(e)</p>	<p>Information on the main characteristics of the information and risk assessment systems:</p> <p>The AFL information system is mainly based on a software architecture "Software as a Service" implemented in the cloud, managed by a set of service commitments signed with the various</p>

<sup>1</sup> The score assigned to the local authorities follows a grid ranging from 1 (best score) to 7.

Legal basis	Row number	
		<p>suppliers. The information system is based on two main business applications (Credit / Accounting and Market) whose data is poured into a single information center hosted in the cloud in "Infrastructure as a Service" mode at MS-Azure.</p> <p>Financial data and socio-economic data from local authorities are downloaded from open data and uploaded to the information center. A portal open to members and prospects makes it possible to manage loans, perform loan simulations and obtain information on AFL membership conditions.</p> <p>The main risk indicators are calculated using data from the information center.</p> <p>Certain liquidity and interest rate risk indicators are calculated using the Market Information System.</p> <p>Regulatory production is centralized in a repository, the data of which are produced by the information center.</p>
Article 435, paragraph 1, point a), of the CRR.	(f)	<p>Risk management strategies and processes implemented for each distinct risk category: The AFL Group's risk management system is detailed in section VII.4 of the annual report.</p>
Article 435, paragraph 1, points a) and d), of the CRR.	(g)	<p>Information on risk management, hedging and mitigation strategies and processes, as well as monitoring the effectiveness of hedges and mitigation techniques: AFL manages its activities over time so as not to exceed its risk mandate. In the event of overruns, for example due to external developments, corrective actions are initiated to comply with the mandate. These actions may be the disposal of positions or the implementation of hedges. Relevant information is provided to stakeholders.</p>

Table EU OVB - Disclosure of information on governance arrangements

Legal basis	Row number	
Article 435, paragraph 2, point a), of the CRR.	(a)	<p>Number of positions held by members of the management body:</p> <ul style="list-style-type: none"> <li>• For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.</li> <li>• For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.</li> </ul>
Article 435, paragraph 2, point b), of the CRR.	(b)	<p>Information concerning the recruitment policy for the selection of members of the management body as well as their knowledge, skills and expertise:</p> <ul style="list-style-type: none"> <li>• For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.</li> <li>• For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.</li> </ul>
Article 435, paragraph 2, point c), of the CRR.	(c)	<p>Information on the diversity policy applicable to the selection of members of the management body:</p> <ul style="list-style-type: none"> <li>• For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.</li> <li>• For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.</li> </ul>
Article 435, paragraph 2, point d), of the CRR.	(d)	<p>Information on whether the institution has set up a separate Risk Committee, and the frequency of its meetings: AFL has established a Risk Committee, while AFL-ST has set up an Audit and Risk Committee.</p> <ul style="list-style-type: none"> <li>• For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.</li> <li>• For AFL-ST, information relating to this Committee is detailed in the AFL-ST Board of Directors' report on corporate governance.</li> </ul>
Article 435, paragraph 2, point e), of the CRR.	(e)	<p>Description of the flow of information on risks to the management body:</p> <ul style="list-style-type: none"> <li>• The Global Risk Committee aims to provide the Management Board with an aggregated and forward-looking view of all the risks incurred by the AFL Group.</li> <li>• The Committee meets at least quarterly, and covers all risks borne by the two legal entities: AFL and AFL-ST.</li> <li>• An annual update on the AFL Group's risk situation is made by the Management Board to the AFL Supervisory Board and its Risk Committee.</li> <li>• An annual update on the AFL Group's risk situation is provided to the AFL-ST Board of Directors and its Audit and Risk Committee.</li> <li>• This information is detailed in the AFL corporate governance report for the AFL Audit and Risk Committee and in the AFL-ST corporate governance report for AFL-ST's Audit and Risk Committee.</li> </ul>

## 2.3. Publication of scope

Template EU LI1 - Differences between the accounting scope of consolidation and the prudential consolidation scope and mapping of financial statement categories to regulatory risk categories

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
<b>Breakdown by asset classes according to the balance sheet in the published financial statements</b>							
1	Cash, central banks	741 855 359	741 855 359				
2	Financial assets at fair value through profit or loss	4 577 269		4 577 269			
3	Hedging derivative instruments	663 081 348		663 081 348			
4	Financial assets at fair value through other comprehensive income	721 498 482	721 498 482				
5	Securities at amortized cost	533 829 340	533 829 340				
6	Loans and receivables due from credit institutions and similar items at amortized cost	236 704 619	236 704 619				
7	Loans and receivables due from customers at amortized cost	9 485 340 520	9 485 340 520				
8	Revaluation adjustment on interest rate risk-hedged portfolios	-	-				
9	Current tax assets	-	-				
10	Deferred tax assets	1 501 285	1 041 116				460 170
11	Accruals and other assets	2 867 636	2 867 636				
12	Intangible assets	3 072 354					3 072 354
13	Property, plant and equipment	13 260 887	13 260 887				
14	Goodwill						
15	<b>Total assets</b>	<b>12 407 589 100</b>	<b>11 736 397 959</b>	<b>667 658 617</b>	-	-	<b>3 532 524</b>
<b>Breakdown by liability classes according to the balance sheet in the published financial statements</b>							
1	Central banks	-	-				
2	Financial liabilities at fair value through profit or loss	4 578 173		4 578 173			
3	Hedging derivative instruments	475 227 040		475 227 040			
4	Debt securities	11 225 502 425					
5	Due to credit institutions	256 410 761	256 410 761				
6	Deferred tax liabilities	45 434					
7	Accruals and other liabilities	4 649 091	4 649 091				
8	Provisions	164 295	164 295				
9	Equity	335 331 538					
10	Equity, Group share	335 331 438					
11	Share capital and reserves	285 407 800					
12	Consolidated reserves	41 829 213					41 829 213
13	Reevaluation reserve	-					
14	Gains and losses recognised directly in equity	2 721 606					- 2 721 606
15	Profit (loss) for the period	10 816 032					10 816 032
16	Non-controlling interests	100					
17	<b>Total liabilities</b>	<b>12 407 589 100</b>	<b>261 224 147</b>	<b>479 805 213</b>	-	-	<b>49 923 638</b>

Model EU LI2 - Main sources of differences between the regulatory exposure amounts and the carrying amounts of the financial statements

	a	b	c	d	e	
	Total	Items subject to				
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework	
1	<b>Assets carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	12 404 056 577	11 736 397 959	-	667 658 617	-
2	<b>Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	12 357 665 462	261 224 147	-	479 805 213	-
3	<b>Total net amount under the scope of prudential consolidation</b>	11 663 027 216	11 475 173 812	-	187 853 404	-
4	<b>Off-balance-sheet amounts</b>	786 413 513	786 413 513	-	-	-
5	<i>Differences in valuations</i>	- 721 498	721 498	-	-	-
6	<i>Differences due to different netting rules, other than those already included in row 2</i>	-	-	-	-	-
7	<i>Differences due to consideration of provisions</i>	-	-	-	-	-
8	<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	-	-	-	-	-
9	<i>Differences due to credit conversion factors</i>	- 434 168 543	434 168 543	-	-	-
10	<i>Differences due to Securitisation with risk transfer</i>	-	-	-	-	-
11	<i>Other differences</i>	56 962 062	98 534 947	-	41 572 884	-
12	<b>Exposure amounts considered for regulatory purposes</b>	<b>12 071 512 750</b>	<b>11 925 232 230</b>	-	<b>146 280 520</b>	-

Template EU LI3 - Summary of the differences between the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Agence France Locale - Société Territoriale	Full consolidation	X					Financial holding company
Agence France Locale	Full consolidation	X					Credit institution
Agence France Locale - Foncière	Full consolidation	X					AFL's Real Estate Entity

Table EU LIA - Explanation of differences between accounting and regulatory exposure amounts

Legal basis	Row number	
Article 436, point b), of the CRR.	(a)	Differences between columns a) and b) in the EU LI1 model: There are no differences between columns a) and b) in the EU LI1 model.
Article 436, point d), of the CRR	(b)	Qualitative information on the main sources of differences between the accounting scope of consolidation and the regulatory scope of consolidation presented in the EU LI2 model: There are no differences between the accounting scope of consolidation and the regulatory scope of consolidation presented in the EU LI2 model.

Table EU LIB - Other qualitative information on the scope

Legal basis	Row number	
Article 436, point f), of the CRR	(a)	Obstacle to the rapid transfer of equity capital or the rapid redemption of commitments within the Group: There are no significant legal or factual impediments to the rapid transfer of equity capital or the rapid redemption of liabilities by its parent company, present or anticipated.
Article 436, point g), of the CRR	(b)	Subsidiaries not included in the scope of consolidation whose effective equity capital is lower than the regulatory equity capital: There are no subsidiaries not included in the scope of consolidation whose effective equity capital is lower than the regulatory equity capital.
Article 436, point h), of the CRR	(c)	Use of the exemption referred to in Article 7 of the CRR or the individual consolidation method provided for in Article 9 of the CRR: Since 31/12/2025, Agence France Locale has renounced the exemption referred to in article 7 of the CRR which it had previously benefited from.
Article 436, point g), of the CRR	(d)	Total amount of any negative difference between the regulatory equity capital and the effective equity capital of all subsidiaries not included in the consolidation: There are no subsidiaries not included in the consolidation.

Model EU PV1 - Value adjustments for prudent valuation purposes (PVA)

As AFL-ST determines the AVA according to the simplified approach in accordance with Article 4 §1 of Delegated Regulation 2016/101, the following table is empty.

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
1	Market price uncertainty	-	-	-	-	-	-	-	-	-	-
2	Not applicable										
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-	-	-
8	Not applicable										
9	Not applicable										
10	Future administrative costs	-	-	-	-	-	-	-	-	-	-
11	Not applicable										
12	<b>Total Additional Valuation Adjustments (AVAs)</b>								721 498,48	-	-

## 2.4. Disclosure of equity capital information

In December 2024, AFL issued deeply subordinated debt securities intended to be recognized as Additional Tier 1 capital, for a nominal amount of €50 million, with the aim of implementing its business plan while strengthening its capital base.

This instrument became eligible for Tier 1 capital on December 31, 2025. AFL, which benefited from a derogation under Article 7 of Regulation (EU) 575/2013, as amended in particular by Regulation (EU) 2019/876 (hereinafter "the CRR"), waived this derogation to be supervised at both the AFL Group level and the level of the credit institution.

As of December 31, 2025, AFL-ST did not include the profit for the year in the calculation of its prudential capital.

Template EU CC1 - Composition of regulatory equity capital

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	285 407 800	a
	of which: Instrument type 1	285 407 800	
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	- 7 887 820	b
3	Accumulated other comprehensive income (and other reserves)	- 2 445 726	c
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>275 074 253</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	- 721 498	
8	Intangible assets (net of related tax liability) (negative amount)	- 3 072 354	d
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	- 460 170	e1
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)	-	e2
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-	
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>- 4 254 022</b>	<b>d+e1+e2</b>
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>270 820 231</b>	<b>a+b+c+d+e1+e2</b>

Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	8 571 673	a
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	8 571 673	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>8 571 673</b>	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	
44	<b>Additional Tier 1 (AT1) capital</b>	<b>8 571 673</b>	f
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>279 391 904</b>	a+b+c+d+e+f
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>-</b>	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-</b>	
58	<b>Tier 2 (T2) capital</b>	<b>-</b>	g
59	<b>Total capital (TC = T1 + T2)</b>	<b>279 391 904</b>	a+b+c+d+e+f+g
60	<b>Total Risk exposure amount</b>	<b>455 524 557</b>	

Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	59,45%	
62	Tier 1 capital	61,33%	
63	Total capital	61,33%	
64	Institution CET1 overall capital requirements	7,97%	
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical capital buffer requirement	0,97%	
67	of which: systemic risk buffer requirement	0,00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0,00%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	53,33%	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17,65% thresholds and net of eligible short positions)	-	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	2 082 231	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	4 401 398	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Template EU CC2 - Reconciliation between regulatory equity capital and statement of financial position in audited financial statements

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>				
1	Cash, central banks		741 855 359	
2	Financial assets at fair value through profit or loss		4 577 269	
3	Hedging derivative instruments		663 081 348	
4	Financial assets at fair value through other comprehensive income		721 498 482	
5	Securities at amortized cost		533 829 340	
6	Loans and receivables due from credit institutions and similar items at amortized cost		236 704 619	
7	Loans and receivables due from customers at amortized cost		9 485 340 520	
8	Revaluation adjustment on interest rate risk-hedged portfolios		-	
9	Current tax assets		-	
10	Deferred tax assets		1 501 285	e1+e2
11	Accruals and other assets		2 867 636	
12	Intangible assets		3 072 354	d
13	Property, plant and equipment		13 260 887	
14	Goodwill		-	
15	<b>Total assets</b>		<b>12 407 589 100</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b>				
1	Central banks		-	
2	Financial liabilities at fair value through profit or loss		4 578 173	
3	Hedging derivative instruments		580 229 046	
4	Debt securities		11 225 502 425	
5	Due to credit institutions		256 410 761	
6	Deferred tax liabilities		45 434	
7	Accruals and other liabilities		5 327 428	
8	Provisions		164 295	
9	<b>Total liabilities</b>		<b>12 072 257 562</b>	
<b>Shareholders' Equity</b>				
1	Share capital and reserves		285 407 800	a
2	Consolidated reserves		41 829 213	b
3	Reevaluation reserve		-	
4	Gains and losses recognised directly in equity	-	2 721 606	c
5	Profit (loss) for the period		10 816 032	
6	<b>Total shareholders' equity</b>		<b>335 331 538</b>	

Since its creation, Agence France Locale - Société Territoriale has only issued ordinary shares. However, in December 2024, AFL, its credit institution subsidiary, issued Additional Tier 1 (ATL) debt securities for the first time, with a nominal amount of €50 million, intended to strengthen its equity.

This instrument became eligible for Tier 1 capital on December 31, 2025, and contributes to the AFL Group's equity in accordance with the conditions set out in Articles 81 to 85 of the CRR (French Retirement Regulations).

Table EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

		a
		Qualitative or quantitative information - Free format
1	Issuer	Agence France Locale
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN FRO01400UPN8
2a	Public or private placement	Private
3	Governing law(s) of the instrument	French law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes - Condition 15 "Recognition of Bail-in and Loss Absorption Powers"
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1 capital as from 31/12/2025
5	Post-transitional CRR rules	
6	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	Consolidated AFL Société Territoriale Group and sub-consolidated AFL Société Opérationnelle
7	Instrument type (types to be specified by each jurisdiction)	Perpetual Fixed Rate Resettable Deeply Subordinated Notes
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	Group AFL : EUR 8,571,673 AFL : EUR 49,441,253
9	Nominal amount of instrument	EUR 50,000,000
EU-9a	Issue price	
EU-9b	Redemption price	Initial principal amount (100%)
10	Accounting classification	Amortised Cost
11	Original date of issuance	17/12/2024
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes, subject to prior approval of the Competent Supervisory Authority after the Recognition Date
15	Optional call date, contingent call dates and redemption amount	17/06/2031
16	Subsequent call dates, if applicable	Any date between 17/06/2031 and 17/12/2031, and each interest payment date thereafter
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed then resettable
18	Coupon rate and any related index	7.000% until 17 December 2031, then 5-year swap rate plus margin
19	Existence of a dividend stopper	
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Interest payments fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full or partial cancellation possible
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	

		a
		Qualitative or quantitative information - Free format
25	If convertible, fully or partially	
26	If convertible, conversion rate	
27	If convertible, mandatory or optional conversion	
28	If convertible, specify instrument type convertible into	
29	If convertible, specify issuer of instrument it converts into	
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	CET1 ratio of the issuer or the AFL ST Group < 5.125%
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Temporary possible
34	If temporary write-down, description of write-up mechanism	Discretionary write-up subject to conditions
34a	Type of subordination (only for eligible liabilities)	
EU-34b	Ranking of the instrument in normal insolvency proceedings	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deeply subordinated liabilities
36	Non-compliant transitioned features	
37	If yes, specify non-compliant features	
37a	Link to the full term and conditions of the instrument (signposting)	<a href="https://www.agence-france-locale.fr/app/uploads/2025/03/afl-at1-2024-document-dinformation-final.pdf">https://www.agence-france-locale.fr/app/uploads/2025/03/afl-at1-2024-document-dinformation-final.pdf</a>

## 2.5. Disclosure of countercyclical equity capital buffer information

As of December 31, 2025, AFL holds relevant (according to CCyB) exposures towards counterparties located in three countries. Out of these three countries only France is applying a countercyclical capital buffer, of 1.00%.

Model EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

000	Breakdown by country	Gross credit exposure				Net credit exposure - Market risk				Derivatives			Risk weighted exposure amount	Derivatives netting (%)	Countercyclical buffer rate (%)	
		Exposure value under the standardized approach	Exposure value under the IBC approach	Sum of long and short positions of trading book exposure for GA	Value of trading book exposure for internal models	Exposure value	Exposure value for non-trading book	Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk	Relevant credit exposure - Securitisation positions in the rehypothecating book	Total					
1	Canada	9 399 905					76 289					76 289			1.7%	0.00%
2	France	25 652 125					2 750 275					2 750 275			97.3%	1.00%
000	Total	35 052 030					2 826 564					2 826 564			99.0%	

Model EU CCyB2 - Amount of countercyclical equity capital buffer specific to the institution

		a
1	Total risk exposure amount	455 524 557
2	Institution specific countercyclical capital buffer rate	0.0097
3	Institution specific countercyclical capital buffer requirement	4 429 037

## 2.6. Disclosure of leverage ratio information

At its meeting of March 11, 2021, the ACPR's College of supervisors recognized AFL's status as a public development lending institution.

This status allows institutions to deduct incentive loans from the denominator of their leverage ratio. In the case of AFL, these are medium-long-term loans that it grants to local authorities.

Model EU LR1 - LRSum: Summary of reconciliation between accounting assets and leverage ratio exposures

Data as of 31/12/2025		<b>a</b>
		<b>Applicable amount</b>
<b>1</b>	Total assets as per published financial statements	12 350 843 089
<b>2</b>	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	56 746 011
<b>3</b>	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
<b>4</b>	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
<b>5</b>	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
<b>6</b>	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
<b>7</b>	Adjustment for eligible cash pooling transactions	-
<b>8</b>	Adjustment for derivative financial instruments	- 636 696 800
<b>9</b>	Adjustment for securities financing transactions (SFTs)	-
<b>10</b>	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	431 886 449
<b>11</b>	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
<b>EU-11a</b>	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
<b>EU-11b</b>	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
<b>12</b>	Other adjustments	- 9 704 039 311
<b>13</b>	<b>Total exposure measure</b>	<b>2 498 739 439</b>

Model EU LR2 - LRCom: Leverage ratio - joint declaration

Data as of 31/12/2025 (T) and 31/12/2024 (T-1)		CRR leverage ratio exposures	
		a	b
		T	T-1
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	11 563 107 275	10 126 610 360
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 43 660 000	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 4 254 022	- 1 513 156
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>11 515 193 253</b>	<b>10 125 097 204</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	11 416 543	94 572 362
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	66 320 667	75 603 071
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	<b>Total derivatives exposures</b>	<b>77 737 210</b>	<b>170 175 433</b>
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	<b>Total securities financing transaction exposures</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	784 165 700	541 499 891
20	(Adjustments for conversion to credit equivalent amounts)	- 352 279 251	- 130 777 969
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	<b>Off-balance sheet exposures</b>	<b>431 886 449</b>	<b>410 721 922</b>

Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	- 9 526 077 472	- 8 502 906 235
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m	<b>(Total exempted exposures)</b>	<b>- 9 526 077 472</b>	<b>- 8 502 906 235</b>
Capital and total exposure measure			
23	Tier 1 capital	279 391 904	247 760 074
24	<b>Total exposure measure</b>	<b>2 498 739 439</b>	<b>2 203 088 324</b>
Leverage ratio			
25	Leverage ratio (%)	11,18%	11,25%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	2,32%	2,31%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	11,18%	11,25%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3,00%	3,00%
Choice on transitional arrangements and relevant exposures			
EU-27	Choice on transitional arrangements for the definition of the capital measure	NA	NA
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 498 739 439	2 203 088 324
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 498 739 439	2 203 088 324
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,18%	11,25%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,18%	11,25%

Model EU LR3 - LRSpl: Breakdown of statement of financial position exposures  
(excluding derivatives, SFTs and exempt exposures)

Data as of 31/12/2025 (T)		a
		CRR leverage ratio exposures
EU-1	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>2 337 206 066</b>
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	2 337 206 066
EU-4	Covered bonds	35 786 321
EU-5	Exposures treated as sovereigns	1 370 256 646
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	471 769 491
EU-7	Institutions	408 815 668
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	31 346 935
EU-11	Exposures in default	30 103
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	19 200 904

Table EU LRA: Publication of qualitative information on the leverage ratio

Row number	Topic addressed	A
(a)	Description of the procedures used to manage the risk of excessive leverage	<p>Description of the procedures used to manage the risk of excessive leverage:</p> <p>To manage its leverage and avoid excessive leverage, the Financial Department of AFL uses a simulation tool that allows it to estimate the leverage ratio over the long term with a monthly analysis step.</p> <p>This tool is based on a central scenario representing the AFL business plan and makes it possible to calculate the leverage according to several alternative scenarios. Endogenous items are updated monthly according to AFL's activity (loan production, size of the liquidity reserve, changes in the cost structure, publication of financial statements, etc.) to better reflect the institution's situation.</p>
(b)	Description of the factors that had an impact on the leverage ratio during the period to which the leverage ratio reported by the institution relates	<p>Description of the factors that had an impact on the leverage ratio during the period to which the leverage ratio reported by the institution relates:</p> <p>AFL is a specialized lending institution that only finances the investment budgets of French local authorities. Having obtained the status of a public development lending institution in 2021, the main factor that has an impact on the leverage ratio is the size of the liquidity reserve.</p> <p>The size of the liquidity reserve increases when AFL issues bonds and decreases with loan production.</p>

## 2.7. Disclosure of global systemically important indicators

Agence France Locale - Société Territoriale is not recognized as a global systemically important institution (G-SII).

As such, it is not concerned by the publication of this information.

## 2.8. Disclosure of liquidity requirements

Model EU LIQ1 - Quantitative information on the liquidity coverage ratio (LCR)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYYY)	T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					1 539 706 032	1 732 023 548	1 503 219 979	1 398 686 040
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	184 897 640	143 873 476	515 553 825	337 857 730	184 897 640	143 873 476	515 553 825	337 857 730
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
8	Unsecured debt	184 897 640	143 873 476	515 553 825	337 857 730	184 897 640	143 873 476	515 553 825	337 857 730
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	945 719 136	650 726 624	494 251 211	484 689 979	250 869 201	212 248 504	197 932 928	184 663 565
11	Outflows related to derivative exposures and other collateral requirements	173 663 653	163 528 713	165 008 675	151 327 296	173 663 653	163 528 713	165 008 675	151 327 296
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	772 055 484	487 197 911	329 242 537	333 362 683	77 205 548	48 719 791	32 924 254	33 336 268
14	Other contractual funding obligations	1 010 000	14 198 741	1 010 000	25 637 962	-	13 188 741	-	24 627 962
15	Other contingent funding obligations	114 706 165	52 077 228	95 586 645	80 489 026	114 706 165	52 077 228	95 586 645	80 489 026
16	<b>TOTAL CASH OUTFLOWS</b>					<b>550 473 006</b>	<b>421 387 949</b>	<b>809 073 398</b>	<b>627 638 283</b>
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	189 069 155	168 854 034	190 693 936	186 050 676	78 664 296	66 322 964	74 992 536	70 223 900
19	Other cash inflows	125 778 217	184 052 563	105 848 551	153 035 032	125 778 217	184 052 563	105 848 551	153 035 032
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	<b>TOTAL CASH INFLOWS</b>	<b>314 847 372</b>	<b>352 906 597</b>	<b>296 542 486</b>	<b>339 085 708</b>	<b>204 442 513</b>	<b>250 375 527</b>	<b>180 841 087</b>	<b>223 258 932</b>
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	314 847 372	352 906 597	296 542 486	339 085 708	204 442 513	250 375 527	180 841 087	223 258 932
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					1 539 706 032	1 732 023 548	1 503 219 979	1 398 686 040
22	<b>TOTAL NET CASH OUTFLOWS</b>					<b>346 030 493</b>	<b>214 944 610</b>	<b>628 232 311</b>	<b>404 379 351</b>
23	LIQUIDITY COVERAGE RATIO					456,05%	900,50%	308,31%	371,97%

Table EU LIQB on qualitative information on the LCR ratio, supplementing the EU LIQ1 model

Row number	Topics	
(a)	Explanations concerning the main factors behind the results of the liquidity coverage ratio (LCR) calculation and the evolution over time of the contribution of the input data to the LCR calculation.	<p>Explanations concerning the main factors behind the results of the liquidity coverage ratio (LCR) calculation and the evolution over time of the contribution of the input data to the LCR calculation:</p> <p>In line with the risk appetite validated by the AFL-ST Board of Directors and the AFL Supervisory Board, the AFL Group must hold a liquidity reserve to cover a significant portion of its 1-year liquidity needs (80% target with a range of 60%-100%). Coupled with a prudent investment policy, favoring the sovereign and sub-sovereign sector classified as HQLA1 and 2A, AFL's LCR is still well above regulatory limits.</p>
(b)	Explanations concerning changes in the LCR ratio over time.	<p>Explanations concerning changes in the LCR ratio over time: The variability of the ratio is mainly due to two factors: bond debt repayments and loan disbursements. As loans to local authorities are seasonal in nature, they are concentrated in the last quarter of the year.</p>
€	Explanations concerning the actual concentration of funding sources.	<p>Explanations concerning the actual concentration of funding sources:</p> <p>AFL's sole source of stable funding is the bond market. AFL issues on different maturities, in different forms (benchmark, private placements) and in different currencies in order to broaden its investor base as much as possible, by category and geographical area.</p>
(d)	High-level description of the composition of the institution's liquidity buffer.	<p>High-level description of the institution's liquidity buffer composition:</p> <p>AFL's liquidity reserve is composed of over 70% HQLA-rated securities and a large proportion of sovereign, agency, or supranational issuers. These exposures have a minimum rating of A- on the Standard &amp; Poor's scale. This reserve is sized to cover a significant portion of 12-month needs (target 80%).</p> <p>Within this buffer, a minimum amount of liquidity is held in current accounts with the Banque de France, bank deposits (Nostri, DAT, etc.), and short-term securities (maturity less than 12 months) to secure the repayment of future medium- and long-term issues in advance.</p>
€	Derivative exposures and potential collateral calls.	<p>Derivative exposures and potential collateral calls:</p> <p>AFL hedges almost all of its statement of financial position (assets and liabilities) against interest rate risk. The notional amount of hedging derivatives is equivalent to twice the size of the statement of financial position. The residual position is broadly balanced. Potential security calls are made daily and on the first euro.</p>
(f)	Currency mismatch in the LCR ratio.	<p>Currency mismatch in the LCR ratio:</p> <p>AFL manages a statement of financial position in euros. Issues and reserve securities that are not denominated in euros are systematically asset-swapped, so that no residual foreign exchange position remains (excluding ineffective hedges).</p>

Row number	Topics	
(g)	Other items of the LCR ratio calculation not taken into account in the LCR disclosure model but that the institution considers relevant for its liquidity profile.	Other items of the LCR ratio calculation not taken into account in the LCR disclosure model but that the institution considers relevant for its liquidity profile: No additional information is relevant

## Model EU LIQ2: net stable funding ratio

Data as of 31/12/2025		a	b	c	d	e
(in currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	282 419 519	-	-	-	282 419 519
2	Own funds	282 419 519	-	-	-	282 419 519
3	Other capital instruments	-	-	-	-	-
4	Retail deposits	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding:	-	668 346 886	100 905 798	10 335 188 055	10 385 640 954
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	668 346 886	100 905 798	10 335 188 055	10 385 640 954
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	-	4 858 821	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and capital instruments not included in the above categories	-	4 858 821	-	-	-
14	<b>Total available stable funding (ASF)</b>					<b>10 665 032 858</b>
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)					95 589 152
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		109 302 540	-	-	54 651 270
17	Performing loans and securities:		407 718 625	210 320 287	9 623 648 698	6 647 828 595
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		-	-	-	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which		223 911 074	210 320 287	9 206 461 274	6 201 315 508
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		223 911 074	210 320 287	9 206 461 274	6 201 315 508
22	Performing residential mortgages, of which		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		183 807 552	-	417 187 425	446 513 087
25	Interdependent assets		-	-	-	-
26	Other assets:					
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		155 719			155 719
30	NSFR derivative liabilities before deduction of variation margin posted		63 115 424			3 155 771
31	All other assets not included in the above categories		3 223 500	-	20 702 162	20 702 162
32	Off-balance sheet items		127 148 700	37 211 176	9 950 000	8 715 494
33	<b>Total RSF</b>					<b>6 830 798 163</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>156,13%</b>

Table EU LIQA - Liquidity risk management

Row number	Topics	
(a)	Liquidity risk management strategies and processes, including policies to diversify the sources and duration of planned financing.	<p>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:</p> <p>A. The establishment of a significant liquidity reserve.</p> <ul style="list-style-type: none"> <li>• AFL maintains a liquidity reserve at all times, the size of which represents a significant portion of its 12-month needs. The tool used to measure this objective is the NCRR (or "Net Cash Requirement Ratio"), which verifies that the liquid asset reserve covers 80% of its anticipated needs over a rolling 12-month horizon, with a range of 60% to 100%.</li> <li>• In order to secure the repayment of upcoming medium- to long-term debt issues three months in advance, AFL commits to holding an amount of cash in its Banque de France account or in short-term instruments (bank accounts, term deposits, securities with a remaining maturity of less than 12 months), corresponding to the debt maturities for the period, net of certain cash inflows. At the same time, the regulatory LCR ratio must be respected ("Liquidity Coverage Ratio"); this makes it possible to verify that the AFL reserve enables it to meet its liquidity requirements at 30 days under stress assumptions. The regulatory requirement is 100%.</li> </ul> <p>B. A diversified financing strategy.</p> <ul style="list-style-type: none"> <li>• Agence France Locale pursues an issuance strategy that aims to diversify its sources of financing by type of investor, maturity, geographical area and currency in order to avoid any excessive concentration of refinancing falls and to limit its financing risk. These issues mainly comprise listed bonds, in the form of benchmarks or private placements, under a program known as EMTN (Euro Medium Term Note), but also, and to a lesser extent, money market negotiable debt securities, under a program known as ECP (Euro Commercial Paper). AFL may also issue debt repayable before maturity for a limited portion of its liabilities.</li> </ul> <p>C. Limiting the transformation of the statement of financial position;</p> <ul style="list-style-type: none"> <li>• The statement of financial position includes amortizable loans on its assets side and debts on its liabilities side, in both cases hedged against interest and exchange rates. Unlike the loans on the assets side, the debts on the liabilities side are not</li> </ul>

Row number	Topics	
		<p>amortizable, so AFL is subject to a transformation risk or price risk in liquidity. AFL severely limits its transformation into liquidity, measured by three main indicators:</p> <ul style="list-style-type: none"> <li>o The average life gap or "ALV gap" corresponds to the average maturity gap between the asset and the liability and measures the transformation carried out by the AFL; the activity is managed in order to limit this gap to 18 months with potentially an additional cushion for limited periods (6 months maximum) bringing the limit to 2 years (allowing to absorb the possible drift of this indicator during in particular the production of year-end credit).</li> <li>o The "Net Stable Funding Ratio" or "NSFR" compares AFL's stable funding (at more than 12 months) to long-term funding requirements. The minimum regulatory requirement is 100%.</li> <li>o In addition to compliance with the average life to maturity gap, monitoring the liquidity transformation risk requires AFL to assess its liquidity by analyzing its maturity gaps ( liquidity differences) arising from potential maturities of liabilities and assets, and likely to occur over different time horizons (time buckets). The liquidity difference is regulated via the definition of alert thresholds by buckets.</li> </ul> <p>With regard to access to liquidity, it should be noted that AFL has a line of credit with the Banque de France, available at any time, through the mobilization of receivables from local authorities that AFL carries on its balance sheet, via the ECMS (Eurosystem Collateral Management System) Computerized Processing of Private Claims system.</p> <p>This policy, while conservative, cannot fully protect AFL from liquidity risks. It remains sensitive, for example, to refinancing risk, i.e. the risk of not being able to raise resources at competitive levels for long maturities, or to the liquidity risk associated with the margin calls inherent in the hedging derivatives required for its hedging policy.</p>
(b)	Structure and organization of the liquidity risk management function (authority, Articles of Association, other provisions).	The AFL Group's liquidity risk management system is detailed in section V.4 of the annual report.
(c)	Description of the degree of centralization of liquidity management	Due to the structure of the AFL Group, operational activities are carried out by AFL, a specialized lending institution. The AFL Group's liquidity is managed by AFL.

Row number	Topics	
	and interaction between the group's units.	
(d)	Scope and nature of liquidity risk reporting and assessment systems.	<p>Regulatory ratios are produced by the Data, Projects &amp; Reportings Department from a tool dedicated to their production as well as to the production of Corep. A tool is used to identify and measure other liquidity risk indicators via AFL's market IT system; it is maintained by ALM.</p> <p>Three main metrics are used to monitor liquidity risks:</p> <p>A. Difference in average life to maturity or ALT difference: the difference in average maturity between assets and liabilities and measures the transformation into liquidity practiced by AFL. This indicator is monitored monthly in ALCo.</p> <p>B. NCRR or "Net Cash Requirement Ratio": the NCRR is a 12-month liquidity ratio specific to AFL. It is monitored monthly.</p> <p>C. Liquidity gap: the liquidity gap measures the flow of assets and liabilities (in static view) during a given period in order to measure the refinancing risk carried on the statement of financial position. The liquidity gap is monitored monthly by the ALM Committee and is governed by the implementation of alert thresholds. It is presented monthly in ALCo.</p> <p>D. The LCR (Liquidity Coverage Ratio), a liquidity ratio that must enable banks to withstand acute liquidity crises (both systemic and bank-specific) with a 30-day horizon, is calculated monthly.</p>
(e)	Liquidity risk hedging and mitigation policies, and the strategies and processes put in place to monitor the continued effectiveness of these hedges and mitigation techniques.	These items are described in lines (a) and (d) of this table.
(f)	An overview of the bank's potential financing plans.	AFL's financing plan is updated annually when the budget for the following year is drawn up. AFL's financing plan is based exclusively on the financial markets and depends on anticipated activity.
(g)	An explanation of how stress tests are used.	<p>Stress tests are carried out quarterly and their results are presented in ALCo.</p> <p>The results influence the completion of the year's financing program.</p>
(h)	A statement on the adequacy of the institution's liquidity risk management systems, approved by the management body, which ensures that the	See row (a) of the EU OVA table - "Institutional approach to risk management"

Row number	Topics	
	<p>liquidity risk management systems in place are appropriate in relation to the profile and the institution's strategy.</p>	
(i)	<p>A brief statement on liquidity risk, approved by the management body, briefly describing the institution's overall liquidity risk profile associated with the business strategy. This statement contains key figures and ratios (other than those already covered in the EU LIQ1 model within the framework of this technical standard) that give external stakeholders a comprehensive overview of the liquidity risk management by the EU. institution, including how its liquidity risk profile interacts with the risk tolerance level set by the management body.</p>	<p>See row (c) of the EU OVA table - "Institutional approach to risk management"</p>

## 2.9. Disclosure of exposure to credit risk, dilution risk and credit quality

Table EU CRA: general qualitative information on credit risk

Row number	
(a)	<p>Indicate how the business model gives rise to the components of the institution's credit risk profile:</p> <p>The business model aims to finance investment budgets of French local authorities, their groupings, and local public enterprises (EPL). Credit risk arises partly from this financing activity, and partly from exposures related to AFL's liquidity reserve and balance sheet hedging operations.</p>
(b)	<p>Indicate the criteria and approach used to define the credit risk management policy and set credit risk limits:</p> <p>The credit risk management policy and credit risk limits reflect the institution's risk appetite.</p>
(c)	<p>Indicate the structure and organization of the credit risk management and control function:</p> <p>Information on the risk governance structure for each type of risk is provided in section VII.4 of the annual report</p>
(d)	<p>Specify the links between the credit risk management, risk control, compliance and internal audit functions:</p> <p>Information on the risk governance structure for each type of risk is provided in section VII.4 of the annual report</p>

Table EU CRB: additional disclosures on the credit quality of assets

Row number	
(a)	<p>Scope and definitions:                      AFL has aligned the accounting and prudential definitions of past due, impaired and defaulted exposures with the definition in Article 178 of the CRR.                      Past due exposures are identified based on significant, non-technical past-due payments of more than 90 days. The definitions of “impaired” and “defaulted” exposures are identical and include, in addition to “past due” exposures, exposures for which AFL has doubts about the borrower’s solvency.</p>
(b)	<p>Significance of exposures past due (more than 90 days) not considered as impaired and the reasons for this:                      AFL has no post due exposures (significant past due for more than 90 days) not considered to be impaired. Downgrading to default is decided by the Credit Committee at last at the end of the 90-day period. The only reason which could delay the downgrading to default would be the “technical” nature of an outstanding payment, unrelated to the borrower’s solvency.</p>
(c)	<p>Description of the methods used to determine the adjustments for general and specific credit risk:                      AFL does not calculate an adjustment for general credit risk. For exposures representing a downgraded risk (stage 2 &amp; 3 of IFRS 9), AFL calculates the adjustments for specific risk in accordance with IFRS 9.</p>
(d)	<p>Definition of restructured exposures:                      AFL applies the definition of restructured exposures as specified by the EBA Guidelines on default in accordance with Article 178 of the CRR, set out in Appendix V of Implementing Regulation (EU) No. 680/2014 of the Commission.</p>

Model EU CR1: performing and non-performing exposures and corresponding provisions.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n		o												
														Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
														Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3																	
005	Cash balances at central banks and other demand deposits	851 935 932	851 935 932	-	-	-	-	61 693	-	61 693	-	-	-	-	-	-	-											
010	Loans and advances	9 545 995 854	9 389 134 956	156 860 898	191 000	-	191 000	512 701	-	385 487	-	127 213	-	2	-	1 553 912	-											
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
030	General governments	9 485 662 222	9 328 801 324	156 860 898	191 000	-	191 000	512 701	-	385 487	-	127 213	-	2	-	1 553 912	-											
040	Credit institutions	60 333 632	60 333 632	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
060	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
070	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
080	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
090	Debt securities	1 255 843 993	1 255 843 993	-	-	-	-	516 171	-	516 171	-	-	-	-	-	-	-											
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
110	General governments	738 486 334	738 486 334	-	-	-	-	213 375	-	213 375	-	-	-	-	-	-	-											
120	Credit institutions	485 980 169	485 980 169	-	-	-	-	271 244	-	271 244	-	-	-	-	-	-	-											
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
140	Non-financial corporations	31 377 489	31 377 489	-	-	-	-	31 551	-	31 551	-	-	-	-	-	-	-											
150	Off-balance-sheet exposures	<b>855 437 553</b>	<b>855 437 553</b>	-	-	-	-	<b>11 855</b>	-	<b>11 855</b>	-	-	-	-	-	-	-											
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
170	General governments	786 413 513	786 413 513	-	-	-	-	11 855	-	11 855	-	-	-	-	-	-	-											
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
190	Other financial corporations	69 024 041	69 024 041	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
200	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
220	<b>Total</b>	<b>12 509 213 332</b>	<b>12 352 352 434</b>	<b>156 860 898</b>	<b>191 000</b>	-	<b>191 000</b>	<b>1 078 710</b>	-	<b>951 495</b>	-	<b>127 213</b>	-	<b>2</b>	-	<b>1 553 912</b>	-											

Model EU CR1-A: maturity of exposures

	a	b	c	d	e	f	
	Net exposure value						
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total	
1	Loans and advances	176 083 879	813 689 917	2 655 436 978	5 593 832 218	- 406 467 804	8 832 575 188
2	Debt securities	-	223 770 255	704 971 658	508 574 163	- 24 773 177	1 527 477 252
3	<b>Total</b>	<b>176 083 879</b>	<b>1 037 460 171</b>	<b>3 360 408 636</b>	<b>6 102 406 380</b>	<b>- 431 240 982</b>	<b>10 360 052 440</b>

Model EU CR2: changes in the stock of non-performing loans and advances

	a	
	Gross carrying amount	
010	<b>Initial stock of non-performing loans and advances</b>	-
020	Inflows to non-performing portfolios	191 000,0
030	Outflows from non-performing portfolios	-
040	Outflows due to write-offs	-
050	Outflow due to other situations	-
060	<b>Final stock of non-performing loans and advances</b>	<b>191 000,0</b>

Model EU CQ1: credit quality of renegotiated exposures

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with
			Of which defaulted					
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-
010	Loans and advances	71 954 884	30 000	30 000	30 000	- 73 479	- 1	-
020	Central banks	-	-	-	-	-	-	-
030	General governments	71 954 884	30 000	30 000	30 000	- 73 479	- 1	-
040	Credit institutions	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-
060	Non-financial corporations	-	-	-	-	-	-	-
070	Households	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-
100	<b>Total</b>	<b>71 954 884</b>	<b>30 000</b>	<b>30 000</b>	<b>30 000</b>	<b>- 73 479</b>	<b>- 1</b>	<b>-</b>

Model EU CQ3: credit quality of performing and non-performing exposures by number of days past due

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
005	Cash/balances at central banks and other demand deposits	861 935 932	861 935 932	-	-	-	-	-	-	-	-	-
010	Loans and advances	9 545 995 854	9 545 995 854	-	191 000	161 000	30 000	-	-	-	-	191 000
020	Central banks	-	-	-	-	-	-	-	-	-	-	-
030	General governments	9 485 662 222	9 485 662 222	-	191 000	161 000	30 000	-	-	-	-	191 000
040	Credit institutions	60 333 632	60 333 632	-	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-
080	Households	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	1 255 843 993	1 255 843 993	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-
110	General governments	738 486 334	738 486 334	-	-	-	-	-	-	-	-	-
120	Credit institutions	485 980 169	485 980 169	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	31 377 489	31 377 489	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	855 437 553	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-
170	General governments	756 413 513	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	69 024 041	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-	-	-	-
220	<b>Total</b>	<b>12 509 215 332</b>	<b>11 655 775 778</b>	<b>-</b>	<b>191 000</b>	<b>161 000</b>	<b>30 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191 000</b>

EU CQ4 model: quality of non-performing exposures by geographical location

	Gross carrying/nominal amount						
	Of which non-performing	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures		
						Of which defaulted	
010	<b>On-balance-sheet exposures</b>	<b>10 814 930 634</b>	<b>191 000</b>	<b>191 000</b>	<b>10 814 930 634</b>	<b>- 1 028 872</b>	<b>-</b>
020	France	9 958 738 796	191 000	191 000	9 958 738 796	- 706 982	-
030		-	-	-	-	-	-
040		-	-	-	-	-	-
050		-	-	-	-	-	-
060		-	-	-	-	-	-
070	Other countries	856 191 837	-	-	856 191 837	- 321 890	-
080	<b>Off-balance-sheet exposures</b>	<b>855 437 553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 855</b>	<b>-</b>
090	France	855 437 553	-	-	-	-	-
100		-	-	-	-	-	-
110		-	-	-	-	-	-
120		-	-	-	-	-	-
130		-	-	-	-	-	-
140	Other countries	-	-	-	-	11 855	-
150	<b>Total</b>	<b>11 670 368 187</b>	<b>191 000</b>	<b>191 000</b>	<b>10 814 930 634</b>	<b>- 1 028 872</b>	<b>11 855</b>

Model EU CQ5: credit quality of loans and advances granted to non-financial companies by industry

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment			
			Of which defaulted				
010	Agriculture, forestry and fishing	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	-	-	-	-	-	-
040	Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-
050	Water supply	-	-	-	-	-	-
060	Construction	-	-	-	-	-	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	-	-	-	-	-	-
090	Accommodation and food service activities	-	-	-	-	-	-
100	Information and communication	-	-	-	-	-	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	-	-	-	-	-	-
130	Professional, scientific and technical activities	-	-	-	-	-	-
140	Administrative and support service activities	-	-	-	-	-	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	-	-	-	-	-	-
170	Human health services and social work activities	-	-	-	-	-	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	-	-	-	-	-	-
200	<b>Total</b>	-	-	-	-	-	-

Model EU CQ7: security interests obtained by taking possession and execution

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	-	-
030	<i>Residential immovable property</i>	-	-
040	<i>Commercial Immovable property</i>	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-
060	<i>Equity and debt instruments</i>	-	-
070	<i>Other collateral</i>	-	-
080	<b>Total</b>	-	-

## 2.10. Disclosure of information on the use of credit risk mitigation techniques

Table EU CRC - Qualitative disclosure requirements for CRM techniques

Legal basis	Row number	
Article 453, point a), of the CRR	(a)	Description of the main characteristics of the policies and procedures applied in terms of on- and off-balance sheet netting and the extent to which institutions use this type of netting: AFL uses balance sheet netting for swap positions with counterparties with which it has signed an ISDA contract or equivalent. AFL does not compensate for off-balance sheet items.
Article 453, point b), of the CRR	(b)	Main features of the policies and procedures applied in terms of valuation and management of eligible collateral: AFL accepts only cash collateral for margin calls in its derivative transactions. No other eligible security is accepted by AFL.
Article 453, point c), of the CRR	(c)	Description of the main types of collateral accepted by the institution to mitigate credit risk: AFL accepts only cash collateral for margin calls in its derivative transactions. No other eligible security is accepted by AFL.
Article 453, point d), of the CRR	(d)	Main categories of guarantors and credit derivatives counterparties: On an exceptional basis, AFL accepts guarantees from member local authorities on credit exposures. Only one case has been identified to date, the guarantor is a local authority classified as a regional or local government according to the CRR.
Article 453, point e), of the CRR	(e)	Information on concentrations of market risk or credit risk in the context of credit risk mitigation operations: AFL does not engage in credit risk mitigation.

Model EU CR3 - Overview of CRM techniques: information to be published on the use of CRM techniques

	Unsecured carrying amount	Secured carrying amount				
			Of which secured by collateral	Of which secured by financial guarantees		
	a	b	c	d	e	
1	Loans and advances	10 396 568 873	1 553 912	-	1 553 912	-
2	Debt securities	1 255 843 993	-	-	-	-
3	Total	11 652 412 866	1 553 912	-	1 553 912	-
4	Of which non-performing exposures	191 000	-	-	-	-
EU-5	Of which defaulted	191 000	-	-	-	-

## 2.11. Publication of information on the use of the standardized approach

Model EU CC1 - Composition of regulatory equity capital, complying with Article 444 Se is presented in the paragraph "2.4. Disclosure of equity capital information" on page 11 and following.

Table EU CRD - Qualitative disclosure requirements for the standardized approach

Legal basis	Row number	
Article 444, point a), of the CRR	(a)	Names of external credit assessment agencies (ECAIs): AFL uses the services of OEEC Moody's for risk assessment. Certain public information of S&P and Fitch may be consulted for analysis. AFL does not use the services of any ECA. No change occurred during the period.
Article 444, point b), of the CRR.	(b)	Categories of exposures for which each ECAI or ECA is used: AFL uses the services of OEEC Moody's for all exposure categories.
Article 444, point c), of the CRR	(c)	Description of the process applied to transfer the issuer's credit ratings: AFL does not hold a trading book. When available, AFL uses the credit rating of the exposure, otherwise it uses the credit rating of the issuer.
Article 444, point d), of the CRR	(d)	The association between the external rating performed by each ECAI or ECA designated and the risk weightings: AFL complies with the standard association published by the EBA.

EU CR4 models - Standardized approach - Credit risk exposure and CRM effects

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	893 376 175	-	893 376 175	-	7 943 479	0,89%
2	Non-central government public sector entities	9 870 119 505	784 142 449	9 870 119 505	431 897 479	209 857 678	2,04%
EU 2a	Regional government or local authorities	9 671 818 404	784 142 449	9 671 818 404	431 897 479	187 209 301	1,85%
EU 2b	Public sector entities	198 301 101	-	198 301 101	-	22 648 377	11,42%
3	Multilateral development banks	234 019 705	-	234 019 705	-	-	0,00%
EU 3a	International organisations	26 130 659	-	26 130 659	-	-	0,00%
4	Institutions	386 235 668	-	386 235 668	-	87 161 621	22,57%
5	Covered bonds	35 786 321	-	35 786 321	-	3 578 632	10,00%
6	Corporates	31 346 935	-	31 346 935	-	15 376 883	49,05%
6	Of which: Specialised Lending						
7	Subordinated debt exposures and equity						
EU 7a	Subordinated debt exposures						
EU 7b	Equity						
8	Retail						
9	Secured by mortgages on immovable property and ADC exposures						
9	Secured by mortgages on residential immovable property - non IPRE						
9	Secured by mortgages on residential immovable property - IPRE						
9	Secured by mortgages on commercial immovable property - non IPRE						
9	Secured by mortgages on commercial immovable property - IPRE						
10	Acquisition, Development and Construction (ADC)						
10	Exposures in default	191 261	-	191 261	-	286 892	150,00%
EU 10a	Claims on institutions and corporates with a short-term credit assessment						
EU 10b	Collective investment undertakings						
EU 10c	Other items	16 128 523	-	16 128 523	-	16 128 523	100,00%
11	Not applicable						
12	<b>TOTAL</b>	11 493 334 751	784 142 449	11 493 334 751	431 897 479	340 333 707	2,85%



## 2.12. Disclosure of information on the use of the IRB approach for credit risk

Agence France Locale - Société Territoriale does not use the Internal Ratings-Based (IRB) approach for credit risk.

As such, it is not concerned by the publication of this information.

## 2.13. Information on specialized financing exposures and exposures in the form of equities under the simple weighting method

Agence France Locale - Société Territoriale has no specialized financing exposures or equity exposures under the simple weighting method.

As such, it is not concerned by the publication of this information.

## 2.14. Disclosure of counterparty credit risk exposures

AFL uses the standardized approach (SA-CCR) to calculate its exposure to counterparty credit risk.

Table EU CCRA - Qualitative information on CCR

Row number	Legal basis	
a)	Article 439, point a), of the CRR Description of the equity capital allocation methodology and credit limit setting for counterparty credit exposures, and in particular the methods for setting limits for central counterparty exposures.	AFL's interest rate risk management policy provides for almost complete variability of the institution's asset and liability exposures against Euribor3M or €ster. Exposures from derivative contracts are subject to limits via the investment and counterparty risk management policy. AFL does not set limits on its exposures with central counterparties. AFL does not allocate equity capital to these transactions.
b)	Article 439, point b), of the CRR. Description of policies relating to guarantees and other credit risk mitigation measures, such as the policies applied to obtain collateral and build up credit reserves.	AFL has set up daily margin call procedures, at the first Euro with all its derivative counterparties.
c)	Article 439, point c), of the CRR Description of policies relating to correlation risk, within the meaning of Article 291 of the CRR.	AFL has no trading book and is not exposed to correlation risk.

Row number	Legal basis	
d)	Article 431, points 3) and 4), of the CRR Other risk management objectives and relevant policies related to counterparty credit risk (CCR).	AFL has no other risk management objectives and relevant policies related to counterparty credit risk (CCR).
e)	Article 439, point d), of the CRR The amount of collateral that the institution would have to provide if its credit rating were downgraded.	AFL uses a “Clearing Broker” for its derivatives business with clearing houses. This intermediary applies a “credit buffer” to the amount of IMR claimed by the clearing house. In the event of a deterioration in AFL’s credit rating, this buffer could increase, without this being mandatory, in proportions left to the discretion of the clearing broker.

#### Model EU CCR1 - Analysis of CCR exposures by approach

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEFE	Alpha used for computing regulatory	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
EU-1	EU - Original Exposure Method (for derivatives)	--	--	--	14	--	--	--	--
EU-3	EU - Simplified SA-CCR (for derivatives)	--	--	--	14	--	--	--	--
1	SA-CCR (for derivatives)	69 626 094	34 909 992	--	14	640 692 285	146 280 520	146 280 520	11 778 115
2	IMR (for derivatives and SFTs)	--	--	--	1	--	--	--	--
2a	Of which securities financing transactions netting sets	--	--	--	--	--	--	--	--
2b	Of which derivatives and long settlement transactions netting sets	--	--	--	--	--	--	--	--
2c	Of which from contractual cross-product netting sets	--	--	--	--	--	--	--	--
3	Financial collateral simple method (for SFTs)	--	--	--	--	--	--	--	--
4	Financial collateral comprehensive method (for SFTs)	--	--	--	--	--	--	--	--
5	ValR for SFTs	--	--	--	--	--	--	--	--
6	<b>Total</b>					<b>640 692 285</b>	<b>146 280 520</b>	<b>146 280 520</b>	<b>11 778 115</b>

#### Model EU CCR3 - Standardized approach - CCR exposures by regulatory exposure class and risk weighting

Exposure classes	Risk weight											Total exposure value
	a	b	c	d	e	f	g	h	i	j	k	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	--	--	--	--	--	--	--	--	--	--	--
2	Regional government or local authorities	--	--	--	--	--	--	--	--	--	--	--
3	Public sector entities	--	--	--	--	--	--	--	--	--	--	--
4	Multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	International organisations	--	--	--	--	--	--	--	--	--	--	--
6	Institutions	--	10 429 780	--	--	1 857 029	--	--	--	--	--	122 286 808
7	Corporates	--	--	--	--	--	--	--	--	--	--	--
8	Retail	--	--	--	--	--	--	--	--	--	--	--
9	Institutions and corporates with a short-term one	--	--	--	--	--	--	--	--	--	--	--
10	Other items	--	--	--	--	--	--	--	--	--	--	--
11	<b>Total exposure value</b>		<b>10 429 780</b>			<b>1 857 029</b>						<b>122 286 808</b>

## Model EU CCR5 - Composition of collateral for CCR exposures

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash - domestic currency	-	256 316 438	22 580 000	43 660 000	-	-	-	-
2 Cash - other currencies	-	-	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	60 318 682	-	-	-	-
<b>9 Total</b>	-	<b>256 316 438</b>	<b>22 580 000</b>	<b>103 978 682</b>	-	-	-	-

## Model EU CCR8 - CCP exposures

		a	b
		Exposure value	RWEA
<b>1</b>	<b>Exposures to QCCPs (total)</b>		2 208 596
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	110 429 780	2 208 596
3	(i) OTC derivatives	110 429 780	2 208 596
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Agence France Locale - Société Territoriale does not use the internal IRB rating approach. As such, it is not affected by the publication of the EU CCR4 model - IRB approach - CCR exposures by exposure category and PD scale.

Agence France Locale - Société Territoriale does not use credit derivatives. As such, it is not affected by the publication of the EU CCR6 - Credit derivative exposures model.

Agence France Locale - Société Territoriale does not use internal models. As such, it is not affected by the publication of the EU CCR7 model - Flow statements of RWEAs relating to CCR exposures in the context of IMM.

## 2.15. Credit valuation adjustment risk disclosure

Table EU CVAA - Qualitative disclosure requirements related to credit valuation adjustment risk

Row number	Legal basis	
a)	Article 445a, paragraph 1, point a) of the CRR	A description of the institution's processes for managing credit assessment adjustment risk:

Row number	Legal basis	
		<p>CVA risk is identified in derivative transactions used for balance sheet management. Since AFL does not hold a trading portfolio, the relevant exposures are structurally limited to hedging derivatives. These exposures reflect the current market value of the credit risk borne by the counterparty in the derivative transactions.</p> <p>Monitoring CVA risk is integrated into the institution's overall financial risk management framework. It is based on:</p> <ul style="list-style-type: none"> <li>•regular monitoring of derivative exposures and changes in CVA value.</li> <li>•monitoring of changes in counterparty credit quality;</li> </ul>
b)	Article 445a, paragraph 1, point b), of the CRR	<p>AFL meets all the conditions set out in Article 273 bis, paragraph 2, applicable to the use of simplified methods for calculating derivatives exposures. These conditions include compliance with the prudential thresholds relating to:</p> <ul style="list-style-type: none"> <li>• The relative weight of derivatives in relation to total assets,</li> <li>• And the overall notional volume of derivatives, as defined by Article 273 bis.</li> </ul> <p>Given compliance with these criteria, AFL has chosen to apply the simplified approach provided for in Article 385 of the CRR for calculating capital requirements for credit valuation adjustment (CVA) risk.</p> <p>This approach consists, in accordance with the prudential framework, of aligning the capital requirements for CVA risk with those calculated for counterparty credit risk, provided that the derivatives remain of intangible size.</p> <p>Under this approach, the amount of capital requirements for CVA risk calculated using the simplified approach corresponds to the amount of prudential requirements already determined for counterparty credit risk.</p> <p>This amount reflects the very low materiality of CVA risk in the institution's risk profile, as it uses derivatives solely for hedging purposes, without a trading portfolio.</p>

Table EU CVAB – Qualitative disclosure requirements related to CVA risk for institutions using the Standardised Approach

Row number	Legal basis	
a)	Article 445a, paragraph 2, point a) of the CRR	<p>A description of how senior management is involved in the CVA risk management framework.</p> <p>In accordance with the principle of proportionality applied to CVA risk, senior management is involved in the CVA risk management framework through existing</p>

Row number	Legal basis	
		governance bodies, without the establishment of a specific dedicated framework. Non-material CVA risk, assessed using the simplified approach, is monitored within the broader framework of financial risks.
b)	Article 445a, paragraph 2, point a), of the CRR	A description of how senior management is involved in the CVA risk management framework. In accordance with the principle of proportionality applied to CVA risk, senior management is involved in the CVA risk management framework through existing governance bodies, without the establishment of a specific dedicated framework. Non-material CVA risk, assessed using the simplified approach, is monitored within the broader framework of financial risks.
c)	Article 445a, paragraph 2, point a), of the CRR	An overview of the governance of CVA's risk management framework: CVA's risk management framework is based on a governance proportionate to the size and risk profile of the institution, taking into account the materiality of CVA risk, the absence of a trading portfolio, and the exclusive use of hedging derivatives.

Model EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach (R-BA)

		a	b
		Components of Own Funds Requirements	Own funds requirements
1	Aggregation of systematic components of CVA risk	7 921 160	
2	Aggregation of idiosyncratic components of CVA risk	3 222 035	
3	Total		3 149 136

Agence France Locale – Société Territoriale uses the simplified approach provided for in Article 385 of the CRR for calculating capital requirements for credit assessment adjustment risk (CVA).

As such, it is not required to publish information relating to other approaches via the EU CVA2, EU CVA3, and EU CVA4 tables.

## 2.16. Disclosure of exposure to securitization positions

Agence France Locale - Société Territoriale has no exposure to securitization positions.

As such, it is not concerned by the publication of tables EU SEC 5, EU SEC1, EU SEC2, EU SEC3, EU SEC4 et EU SECA.

## 2.17. Disclosure of information on the use of the standardized approach and internal models for market risk

Agence France Locale - Société Territoriale is not exposed to market risks.

As such, it does not publish the following tables:

- Table EU MR1: Market risk under the standardized approach
- Table EU MRA: Qualitative disclosure requirements on market risk
- Table EU MRB: Qualitative disclosure requirements for institutions using internal market risk models
- Model EU MR2-A - Market risk under the Internal Models Approach (IMA)
- Model EU MR2-B - Flow statements of RWEAs relating to market risk exposures under the IMA
- Model EU MR3 - MAI values for trading books
- Model EU MR4 - Comparison of VaR estimates with profit / loss

## 2.18. Disclosure of operational risk

Table EU ORA - Qualitative information on operational risk

Legal basis	Row number	
Article 446(1)(a) and article 435(1)(a) CRR	(a)	<p>Publication of risk management objectives and policies: To best prevent the materialization of operational risks and the consequences of their potential occurrence, Agence France Locale (AFL) has an internal control and risk management system in place. This system aims to ensure the early identification, measurement, and management of operational risks.</p> <p>Developed in accordance with best market practices, this system involves regular risk assessments, evaluation of the effectiveness of controls mitigating these risks, and the implementation of an improvement/remediation action plan when necessary.</p> <p>The Executive Board, through its Global Risk Committee, oversees operational risk and the action plans to be implemented to improve the system.</p> <p>In accordance with regulatory requirements, the AFL Supervisory Board, assisted by its Risk Committee, and the AFL-ST Board of Directors, assisted by its Audit and Risk Committee, are informed of the key elements and main lessons learned from the risk analysis and monitoring. To this end, they receive an extract from the Global Risk Committee reports detailing the main risks and their mitigation strategies. They also receive an extract from the internal control reports.</p> <p>The system is based on the four lines of defense of internal control (business lines - operational risk monitoring function - second-level ongoing control - periodic control).</p>
Article 446(1)(a) and article 435(1)(b) CRR	(b)	<p>Publication of information on the structure and organization of the operational risk management function: Information on the operational risk governance structure is in Part VII.4 of the annual report.</p>
Article 446(1)(a) and	(c)	Description of the scope and nature of the assessment system

Legal basis	Row number	
article 435(1)(c) CRR		Information on the operational risk governance structure is in Part VII.4 of the annual report.
Article 446(1)(a) and article 435(1)(c) CRR	(d)	Description of the scope and nature of the operational risk reporting framework: Information on the operational risk governance structure is provided in Part VII.4 of the annual report
Article 446(1)(a) and article 435(1)(d) CRR	(e)	Description of risk mitigation and hedging policies and strategies Information on the operational risk governance structure is in Part VII.4 of the annual report

#### Model EU OR1 - Operational risk losses

		a	b	c	d	e	f	g	h	i	j	k
		T	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	Ten-year average
<b>Using €20,000 threshold</b>												
1	Total amount of operational risk losses net of recoveries (no exclusions)	-	25 000	-	86 073	-	-	-	-	-	-	11 107
2	Total number of operational risk losses	-	1	-	1	-	-	-	-	-	-	0
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of excluded operational risk events	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational risk losses net of recoveries and net of excluded losses	-	25 000	-	86 073	-	-	-	-	-	-	11 107
<b>Using €100,000 threshold</b>												
6	Total amount of operational risk losses net of recoveries (no exclusions)	-	-	-	-	-	-	-	-	-	-	-
7	Total number of operational risk losses	-	-	-	-	-	-	-	-	-	-	-
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of excluded operational risk events	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational risk losses net of recoveries and net of excluded losses	-	-	-	-	-	-	-	-	-	-	-
<b>Details of operational risk capital calculation</b>												
11	not applicable											
12	not applicable											
13	not applicable											

The AFL is not publishing the EU OR2 model for December 31, 2025, as no C1602 statement has been submitted by that date; the first filing is planned for the June 2026 deadline.

#### Model EU OR3 - Operational risk own funds requirements and risk exposure amounts

		a
1	Composante indicateur d'activité (BIC)	3 701 072
EU 1	Exigences de fonds propres (OROF) calculées selon l'approche standard alternative (ASA) en vertu de l'article 314, paragraphe 4	-
2	<i>Sans objet</i>	
3	Exigences de fonds propres minimales requises pour risque opérationnel (OROF)	3 701 072
4	Montants d'exposition au risque opérationnel (REA)	46 263 404

## 2.19. Disclosure of interest rate exposures for positions not held in the trading book

AFL uses the standard method to calculate the NPV sensitivity (excluding interest rate options) as referred to in Article 84, paragraph 1, of Directive 2013/36/EU. Regarding interest rate options (primarily floors on the indexation of interest rates for variable-rate loans), the approach is based on the intrinsic value of the instruments.

Table EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities

Row number			Legal basis
(a)	A description of how the institution defines IRRBB for purposes of risk control and measurement.	Interest rate risk (IRRBB) corresponds to the potential loss caused by adverse movements in market rates due to all of the bank's balance sheet and off-balance sheet transactions. It materializes the risk incurred on the bank's results, in particular via the Net Interest Margin (NIM), and on the economic value of its equity in the event of a change in interest rates (NPV).	Article 448.1 (e), first paragraph
(b)	A description of the institution's overall IRRBB management and mitigation strategies.	To hedge against interest rate risk, AFL implements a quasi-systematic micro-hedging policy for its debts and part of its assets (mainly loans and securities making up the liquidity reserve) at a fixed rate. to convert them into floating rate debt and assets using 3-month Euribor fixed/floating rate swaps. For part of the balance sheet (shortest assets and liabilities), the coverage index used can be the Ester. In addition to this central micro-hedging policy, there is a macro-hedging policy, in particular fixed-rate loans for low unit amounts granted to local authorities. Some items on the balance sheet (e.g. current accounts, fixed-rate loans/securities replacing a fraction of equity, etc.) escape this variability via swaps against 3-month Euribor. The amounts allocated to these components are steered and monitored monthly by the AL Committee, subject to the sensitivity of the NPV and the sensitivity of the NIM.	Article 448.1 (f)

Row number			Legal basis
(c)	The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB.	<p>As part of interest rate risk monitoring, two main metrics are used:</p> <p>1°) The Sensitivity of the Net Present Value (NPV) to various standard rate shocks: the change in the rate curve impacts the economic value of the AFL. The NPV is calculated by summing the discounted fixed rate flows of all assets and liabilities except net equity. The sensitivity of the NPV represents the change in economic value due to an immediate interest rate shock (parallel movements of the curve, deformations such as steepening/flattening of the curve) in static view. This metric is sensitive to a change in long-term balance sheet fixed rates positions and is one of the indicators monitored monthly in ALCO.</p> <p>2°) AFL monitors the sensitivity of the net interest margin to different rate scenarios. This measure, calculated on a constant balance sheet basis, reflects the impact of interest rate movements on the 12-month net interest margin. The metric is monitored quarterly in ALCO.</p> <p>To measure interest rate risk, a third metric is also monitored in ALCO: the fixed rate gap, which measures the difference between assets and liabilities whose income is fixed for a given period. This allows for the assessment of refinancing and replacement risk on the balance sheet. This gap is inherently limited due to the AFL's balance sheet variability policy, with the exception of a few non-swapped fixed-rate exposures (representing equity).</p> <p>Finally, AFL is also exposed to a certain number of residual risks: the basis risk induced by the use of different indexation references (Euribor 3Mois, Ester mainly) and the fixing risk linked to the use of different fixing dates. Reports relating to these 2 risks are monitored monthly by ALCo.</p>	Article 448.1 (e) (i) and (v); Article 448.2
(d)	A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable).	To estimate changes in economic value and net interest income, AFL uses standardized rate scenarios as defined by IRRBB.	Article 448.1 (e) (iii); Article 448.2
(e)	A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable).	Early repayments are considered at 0%, based on the historical data observed to date (very low early repayment amounts and limited occurrences over a still relatively short period)..	Article 448.1 (e) (ii); Article 448.2
(f)	A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment (if applicable).	The strategy of variabilization of almost the entire balance sheet involves a strategy of systematic micro-hedging of debts and part of the assets. In addition, a macro-hedging strategy is deployed for fixed-rate loans of low unit amounts granted to local authorities for which micro-hedging is too costly in order to transform them into variable-rate loans on a 3-month Euribor reference as well as for amortizing loans	Article 448.1 (e) (iv); Article 448.2

Row number			Legal basis
		of the constant maturity type, given their characteristics and loans with a tailor-made profile that cannot be swapped in compensation.	
(g)	A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable).	The AFL's Net Present Value (NPV) is calculated by summing the discounted fixed-rate cash flows of all assets and liabilities, excluding net equity, based on a €ster swap curve. For non-maturity balance sheet items, runoff assumptions are validated annually by the ALCO. This primarily concerns nostro accounts and accounts with the Banque de France, for which the interest rate reset period is daily.  The consideration of floors in the balance sheet (mainly in the indexation of interest on variable-rate loans) is based on an approach using the intrinsic value of the options.	Article 448.1 (c); Article 448.2
(h)	Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures	In 2025, interest rate risk indicators remained relatively stable compared to the end of 2024. AFL's interest rate risk strategy remained unchanged, with a strong focus on neutralizing the sensitivity of Net Interest Margin (NIM) as much as possible. As a result, NPV sensitivity indicators (for parallel shocks) are higher.	Article 448.1 (d)
(i)	Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)		
(1) (2)	Disclosure of the average and longest repricing maturity assigned to non-maturity deposits	For AFL, unscheduled deposits correspond to nostri accounts or current accounts at the central bank. For these assets, the rate reset period is defined as daily.	Article 448.1 (g)

#### 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	-6,26%	-6,93%	1,03%	-0,15%
2	Parallel down	7,63%	9,19%	-1,04%	0,27%
3	Steeper	-2,51%	-2,13%		
4	Flattener	1,56%	1,05%		
5	Short rates up	-0,48%	-1,15%		
6	Short rates down	1,34%	1,56%		

## 2.20. Publication of information on the compensation policy

Table EU REMA - Compensation policy

Line		
(a)	Information on the bodies that supervise compensation.	The components of compensation and the criteria for determining them are presented to the Appointments, Remuneration and Corporate Governance Committee and to the Supervisory Board of AFL in accordance with the applicable provisions of the French Monetary and Financial Code. The related information is specified in the AFL corporate governance report.
(b)	Information on the design and structure of the compensation system for identified staff.	<p>AFL's compensation policy is built in compliance with regulations, in particular with the French Monetary and Financial Code and the amended Decree of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector subject to control by the ACPR.</p> <p>The compensation policy applies to all employees of Agence France Locale.</p> <p>Agence France Locale's compensation policy is based on seven main principles:</p> <ol style="list-style-type: none"> <li>1. Compliance with regulations;</li> <li>2. Alignment with the economic strategy, objectives, values and long-term interests of Agence France Locale and, more broadly, of the Agence France Locale Group;</li> <li>3. Consistency with sound risk management and financial balances and the strengthening of its financial base;</li> <li>4. The ability to attract talent and involve them in the development and sustainability of AFL, with a view to building employee loyalty;</li> <li>5. Recognition of the key role of a compensation policy in employee motivation in the banking sector;</li> <li>6. The principle of equity</li> <li>7. Compensation policy and practice are based on the principle of equal compensation for men and women workers for the same work or work of the same value.</li> </ol> <p>AFL has long-term objectives and specificities (bank, local sector, VSE). Its compensation policy has been designed in line with AFL's economic strategy, objectives, values and long-term interests, which are the long-term financing of the French local sector.</p> <p>Talent is attracted because of fixed compensation corresponding to market standards for similar positions. AFL is a specialized lending institution, composed of qualified people, recognized in their functions, and whose image must enable local authorities to benefit from the technical expertise of their pooled financing tool.</p>

		<p>From 2021, AFL set up a profit-sharing scheme for all employees excluding the Chairperson of the Management Board.</p> <p>From 2022, the AFL is implementing a system for allocating eco-responsible company vehicles to all volunteer employees, as a loyalty and motivation tool. The vehicles made available, as a benefit in kind, comply with the company's CSR approach.</p> <p>From 2023, AFL updates the conditions of application of the Sustainable Mobility Package (FMD) for all eligible employees, in accordance with the company's CSR approach.</p> <p>Variable compensation is a key element in a company. AFL implements a policy that values the efforts made to serve the Company.</p>
(c)	<p>Description of the way in which current and future risks are taken into account in the compensation process. The information to be published includes an overview of the main risks, their assessment and how this assessment affects compensation.</p>	<p>Agence France Locale awards variable compensation based on the following criteria:</p> <ol style="list-style-type: none"> <li>Achievement of objectives set, individual and collective, quantitative and qualitative;</li> <li>The combined assessment of the individual's performance, the department to which they belong and the performance and financial trajectory of AFL as a whole;</li> <li>Assessment of the need to comply with regulatory requirements and best practices in terms of internal control, risk management and compliance;</li> <li>Performance measurement takes into account the risks taken or likely to be taken by AFL, liquidity requirements and the cost of capital;</li> <li>Depending on the performance and financial trajectory, the qualitative and quantitative results obtained by AFL, the Management Board sets a variable compensation package attributable for the year to all employees.</li> </ol>
(d)	<p>Ratios between the fixed and variable components of the compensation defined in accordance with point g) of Article 94, paragraph 1, of the CRD.</p>	<p>As part of its compensation policy, AFL caps each variable compensation at 15% of the employee's fixed salary.</p>
(e)	<p>Description of how the institution seeks to link compensation levels to the performance achieved during a performance measurement period.</p>	<p>The limit on variable compensation to 15% of the fixed salary of each AFL employee is a ceiling particularly low in the professions held by these categories of employees in the banking sector. However, this amount appears to be large enough to motivate the staff of Agence France Locale to make the necessary efforts to benefit from it. If the maximum is paid, this may correspond to more than a month and a half of annual salary. This very limited cap aims to differentiate Agence France Locale from its competitors, both private and public; it is a strong focus of professional ethics which is</p>

		<p>one of the essential foundations of the Agence France Locale Group's creation.</p> <p>This cap of 15% and the other factors to which the allocation of variable compensation is linked does not encourage excessive risk-taking.</p>
(f)	<p>Description of how the institution seeks to adjust compensation to reflect long-term performance.</p>	<p>In accordance with the requirements of the regulations, for employees having a significant impact on the Company's risk and those having a significant role, Agence France Locale sets up a deferred payment of variable compensation in accordance with the provisions expressly contained in their employment contract for those whose annual variable compensation exceeds €50 thousand euros. To date, given the amount of fixed salaries at AFL coupled with the limit of 15% for the variable salary, this deferral will not be activated. This deferred payment, adapted to the size and internal organization of Agence France Locale as well as the nature, scope and complexity of the activities carried out, takes the following form:</p> <ul style="list-style-type: none"> <li>- The deferral is only triggered when the variable amount exceeds €50 thousand;</li> <li>- The amount of the variable compensation less than or equal to the threshold of €50 thousand is paid at the beginning of year n+1, subject to the employee's presence in the AFL workforce on the date of payment of the variable compensation;</li> <li>- The variable amount above the €50 thousand threshold is deferred and paid at the beginning of year n+2 and at the beginning of year n+3, then at the beginning of year n+4 for 33% at each of these financial years subject to the condition of the employee's presence in the AFL workforce on the payment date of the variables for years n+1, n+2 or n+3, n+4.</li> </ul> <p>The population of individuals with an impact on risk and employees with a significant role in AFL include:</p> <ul style="list-style-type: none"> <li>- The Members of the Supervisory Board,</li> <li>- The Members of the Management Board, namely the Chairperson of the Management Board, the Chief Financial Officer and the Head of Commitments and Risks - Climate and Sustainable Finance, and Head of Membership and Credit,</li> <li>- The Corporate Secretary,</li> <li>- The General Counsel,</li> <li>- The Accounting Director,</li> <li>- Head of Treasury and Short-Term Financing, Head of Long-Term Financing in the Finance Department,</li> <li>- The ALM manager,</li> <li>- The Head of the Prudential and Financial Risks division,</li> <li>- The Head of the Non-Financial Risks and Compliance division,</li> <li>- The Head of Data, Process and Reportings Department,</li> </ul>

		- The Head of the Commitments division in the Commitments and Risks Department.
(g)	The description of the main parameters and rationale for any variable-component scheme and non-cash benefits, in accordance with Article 450, paragraph 1, point f), of the CRR.	The Agence France Locale Group does not grant any shares or options to its employees or executives.
(h)	At the request of the Member State concerned or the relevant competent authority, the total compensation for each member of the management body or senior management.	These elements are presented in the AFL corporate governance report for the AFL management body and in the AFL-ST corporate governance report for AFL-ST's management body.
(i)	Information on whether the institution benefits from an exemption under Article 94, paragraph 3, of the CRD in accordance with Article 450, paragraph 1, point k), of the CRR.	Due to the level of compensation granted to AFL, it benefits from an exemption under b of Article 94, paragraph 3, of the CRD. All employees and managers are concerned.
(j)	Large institutions publish quantitative information on the compensation of their collective management body, distinguishing between executive and non-executive members, in accordance with Article 450, paragraph 2, of the CRR.	AFL is not considered to be a large institution.

### Model EU REM1 - Compensation granted for the financial year

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	11	7	-	9
2		Total fixed remuneration	49 900	1 487 789	-	1 102 149
3		Of which: cash-based		1 487 789	-	1 102 149
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7	Of which: other forms					
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	11	7	-	9
10		Total variable remuneration	169 625	230 156	-	130 900
11		Of which: cash-based	169 625	230 156	-	130 900
12		Of which: deferred		25 656	-	
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15	Of which: other forms					
16	Of which: deferred					
17	<b>Total remuneration (2 + 10)</b>	<b>219 525</b>	<b>1 717 945</b>	<b>-</b>	<b>1 233 049</b>	

Model EU REM2 - Special payments to staff whose professional activities have a significant impact on the institution's risk profile (identified staff)

	a	b	c	d
	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	11	7	9
2	Guaranteed variable remuneration awards - Total amount	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-
Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-
8	Of which paid during the financial year	-	-	-
9	Of which deferred	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-

Model EU REM3 - Deferred compensation

	a	b	c	d	e	f	EU - g	EU - h	
	Deferred and related remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post related adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance periods that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	195 595	134 129	64 466				25 656	64 466
8	Cash-based	195 595	134 129	64 466				25 656	64 466
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	8 566							
14	Cash-based	8 566							
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	11 300							
20	Cash-based	11 300							
21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	Total amount	215 462	134 129	64 466				25 656	64 466

Model EU REM5 - Information on the compensation of staff whose professional activities have a significant impact on the institution's risk profile (identified staff)

	Management body remuneration			Business areas					Total	
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions		As above
1	Total number of identified staff									16
2	Of which: members of the MB	11	7	2						
3	Of which: other senior management									
4	Of which: other identified staff					2			2	
5	Total remuneration of identified staff	219 525	1 781 886	1 781 886		831 311			297 524	
6	Of which: variable remuneration	189 625	254 097	254 097		115 800			15 900	
7	Of which: fixed remuneration	49 900	1 487 789	1 487 789		857 537			244 612	

Agence France Locale - Société Territoriale did not pay compensations of €1 million or more per financial year.

In this respect, the EU REM4 Model - Compensation of €1 million or more per financial year is not provided.

## 2.21. Disclosure of encumbered and unencumbered assets

### Model EU AE1 - Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	010	of which nationally eligible EHQLA and HQLA 030	040	of which nationally eligible EHQLA and HQLA 050	060	of which EHQLA and HQLA 080	090	of which EHQLA and HQLA 100
<b>010 Assets of the disclosing institution</b>	<b>131 896 485</b>	<b>68 378 495</b>			<b>11 794 367 665</b>	<b>1 583 523 991</b>		
030 Equity instruments								
040 Debt securities	68 378 495	68 378 495	68 378 495	68 378 495	1 423 516 307	392 508 881	1 423 516 307	392 508 881
050 of which covered bonds								
060 of which securitisations								
070 of which issued by general governments					747 763 569	585 224 238	747 763 569	585 224 238
080 of which issued by financial corporations					709 549 707	79 277 947	709 549 707	79 277 947
090 of which issued by non-financial corporations					1 248 166	5 279 216	1 248 166	5 279 216
<b>100 Other assets</b>	<b>63 965 000</b>	<b>-</b>			<b>10 272 051 647</b>	<b>629 012 600</b>		

### Model EU AE2 - Collateral received and own debt securities issued

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
	010	of which nationally eligible EHQLA and HQLA 030	Fair value of collateral received or own debt securities issued available for encumbrance 040	of which EHQLA and HQLA 060
<b>130 Collateral received by the disclosing institution</b>				
140 Loans on demand				
150 Equity instruments				
160 Debt securities				
170 of which covered bonds				
180 of which securitisations				
190 of which issued by general governments				
200 of which issued by financial corporations				
210 of which issued by non-financial corporations				
220 Loans and advances other than loans on demand				
230 Other collateral received				
<b>240 Own debt securities issued other than own covered bonds or securitisations</b>				
241 Own covered bonds and securitisations issued and not yet pledged				
<b>250 TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED</b>				

### Model EU AE3 - Sources of asset encumbrance

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
<b>010 Carrying amount of selected financial liabilities</b>	-	-

### Table EU AE4 - Additional descriptive information

Row number	
(a)	General descriptive information on asset encumbrance: The only source of congestion is the payment of daily margin calls and initial margin calls to derivative counterparties and clearing houses.
(b)	Descriptive information on the impact of the business model on asset encumbrance: AFL's business model requires all assets and liabilities of the institution to be hedged against Euribor 3M and marginally €ster. The notional amount of derivatives is therefore significant. The residual position requiring the encumbrance of assets (variation margin and initial margin) is relatively balanced due to the hedging of both assets and liabilities.

### **3. STATEMENT ON THE ADEQUACY OF THE AFL GROUP'S RISK MANAGEMENT SYSTEMS**

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