

AFL reports an agreement to purchase a French covered bond vehicle

AFL, the bank for local governments, announces the signing of an agreement for the acquisition of GE SCF S.C.A., a French covered bond issuer (société de crédit foncier).

This transaction is part of AFL's strategy to diversify its funding tools, with the aim of optimising its access to financial markets while preserving competitive, stable and sustainable financing conditions for French local governments, at a time when the country's sovereign credit rating is deteriorating.

Diversification of AFL's funding tools

Since 2024, AFL's bond market funding costs – and more broadly those of French public-sector issuers – have increased significantly in the wake of the downgrade of France's sovereign rating, which has weighed on financing conditions.

Against this backdrop, AFL has decided to diversify its funding tools as a way to strengthen its competitiveness in financial markets and make the company further sustainable, to the benefit of its local government shareholders.

AFL enters into an agreement to acquire GE SCF S.C.A.

To this end, AFL has entered into an agreement with GE Capital Global Holdings, LLC for the acquisition of GE SCF S.C.A., a French covered bond issuer.

The project aims to provide the bank with a covered bond issuance vehicle to complement its senior debt issues. This will enable AFL to access a broader and more diversified investor base and reduce its funding cost.

Covered bonds meet these requirements, as they generally benefit from high credit ratings, favourable risk weighting and eligibility as Level 1 High-Quality Liquid Assets (HQLA 1).

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Transaction framework

Final completion of the transaction, which could take place during the second half of 2026, remains subject to the fulfilment of customary conditions precedent, including the receipt of the necessary regulatory approvals.

Concrete benefits for local governments

Through this initiative, AFL aims to deliver a lasting improvement in the financing conditions offered to local governments, while securing their access to credit for their investment projects.

This approach is fully aligned with AFL's founding mission: to provide its local government shareholders with secure, transparent and competitive financing.

"This transaction shows that we are activating every lever at our disposal to address a very concrete issue for local governments: the cost and security of their financing. Our priority is to guarantee the continuity of local public investment and to reinforce AFL's role as a long-term financial partner, fully committed to the financial sovereignty of French local governments," said Yves Millardet, Chairman of AFL's Management Board.

About AFL, the bank for local governments

"Embodying responsible finance to empower local communities so that they can meet the present and future needs of their residents".

As the only French bank 100% owned by local governments, AFL has a unique and innovative model: that of a bank created by and for all local governments. By becoming shareholders in AFL, local governments gain access to rapid, tailor-made financing for their local investments, while committing to a sustainable and responsible approach to finance. For local governments, this means the freedom to invest while maintaining control over their finances. Since the start of its activity in 2015, AFL has already granted nearly €12 billion, including €2 billion in 2025, and today has 1,271 shareholders.

For more information: www.afl-banque.fr/en/

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