La banque des collectivités locales

Press Release
23 September 2026

First-half 2026 results: AFL Group reports solid results and achieves strategic milestones in the development of its refinancing tools

As of 30 June 2026, in a complex geopolitical and financial environment, AFL Group reports solid results and displays a robust financial structure:

- **Net interest margin** increases to €15.6m (vs. €15.2m in the first half of 2025), supported by the continued growth in outstanding loans.
- **Net banking income** amounts to €15.1m, close to the €15.4m recorded in the first half of 2025, a historically strong period in terms of earnings.
- **Gross operating income** reaches €4.2m.
- The Group launched **major initiatives to diversify and optimise its funding sources**, generating nearly €1m in associated non-recurring costs.
- **One capital increase** enabled 29 new shareholder local governments to join the AFL Group, bringing the total number of shareholders to 1,300.
- **Balance-sheet strength** is confirmed by robust liquidity and capital ratios, with regulatory capital increasing by more than €20m over the half-year.

Key figures as of 30/06/2026 (IFRS) (vs. 30 June 2025)

	AFL Group[1] (consolidated - IFRS)	AFL[2] (consolidated - IFRS)
Net banking income	€15.1m (vs. €15.4m)	€15.0m (vs. €15.3m)
Operating expenses	€10.9m (vs. €9.1m)	€10.9m (vs. €9.0m)
Gross operating income	€4.2m (vs. €6.3m)	€4.2m (vs. €6.3m)
Pre-tax income	€3.9m (vs. €6.3m)	€3.9m (vs. €6.3m)
Net profit	€2.8m (vs. €4.7m)	€2.8m (vs. €4.6m)
Cost/income ratio[3]	81.7% (vs. 66.4%)	81.7% (vs. 66.3%)

[1] AFL Group comprises Agence France Locale - Société Territoriale (AFL-ST), Agence France Locale (AFL), Agence France Locale Immobilier and Agence France Locale – Participations SAS.
[2] AFL's consolidated financial statements comprise Agence France Locale, Agence France Locale Immobilier and Agence France Locale – Participations SAS.
[3] Calculated by adding the Additional Tier 1 ("AT1") interest expenses to net banking income, albeit in line with IFRS, these interest charges are directly booked as a reduction in shareholders' equity without being recorded in the income statement.

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"The first half of 2026 opens a new chapter in AFL Group's development. As a new electoral cycle begins for municipalities and intermunicipal bodies, we remain fully committed to our mission of financing local public investment.

The Group delivers solid results in the first half-year period, demonstrating the resilience of its business model. The continued growth of our business activity, the strengthening of our own funds and the quality of our financial structure allow us to approach the next stages of our development with confidence." explains ***Yves Millardet, Chairman of AFL's Executive Board.***

Positive results supported by continued growth in outstanding loans, despite non-recurring items

Core business revenues continue to grow, driven by the steady increase in loans granted to shareholder local governments. Gross operating income is affected during the half-year period by non-recurring expenses, primarily related to the ongoing acquisition project of GE SCF S.C.A.

Adjusted for these non-recurring items, gross operating income amounts to €5.1m.

As of 30 June 2026, outstanding signed loans continue their steady growth and reach €10.4bn.

Cost of risk remains inherently limited

AFL's cost of risk remains inherently limited, reflecting its public development credit institution model, its prudent risk management framework, the very strong credit quality of French local governments[4] and the quality of the assets held within its liquidity reserve.

As of 30 June 2026, AFL records a €234k charge relating to IFRS 9 expected credit loss provisions. Total provisions represent approximately 0.014% of assets.

These provisions primarily reflect changes in the assumptions used to build macroeconomic scenarios across asset classes, together with balance-sheet growth.

[4] The risk weighting applicable to regions, departments, municipalities and municipality groupings with their own tax-raising powers was reduced to 0% by decision of the Supervisory College of France's Prudential Supervision and Resolution Authority (ACPR) on 21 June 2024.

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Strengthened prudential own funds

During the first half of 2026, AFL's prudential own funds increase by more than €20m, mainly as a result of earnings retention from the previous financial year and capital contributions from shareholder local governments.

This momentum illustrates the strength of AFL's model: business growth and the commitment of its shareholder local governments jointly contribute to strengthening its development and enhancing its capacity to support local public investment.

This translates into high capital ratios as of 30 June 2026:

- AFL Group **CET1 ratio**: 55.67% (vs. 59.45% as of 31 December 2025) / AFL: 54.15% (vs. 57.78%)
- AFL Group **Tier 1 ratio**: 57.37% (vs. 61.33%) / AFL: 63.61% (vs. 68.71%)
- AFL Group **banking leverage ratio**: 2.45% (vs. 2.32%) / AFL: 2.71% (vs. 2.59%)
- AFL Group **leverage ratio for public development credit institutions**: 11.37% (vs. 11.18%) / AFL: 12.67% (vs. 12.58%).

High liquidity levels

In line with its prudent management principles, AFL maintains very strong liquidity levels as of 30 June 2026:

- **AFL's Liquidity Coverage Ratio** (LCR) stands at 250% (vs. 485% as of 31 December 2025 and a regulatory minimum of 100%)
- **AFL's internal 12-month liquidity ratio** (NCRR) stands at 161% as of 30 June 2026 (vs. 101% as of 31 December 2025), corresponding to a €2.4bn liquidity reserve, enabling AFL to meet all its funding needs for more than one year without recourse to the capital markets.

The strength of AFL's financial structure is recognised by the rating agencies, assigning it ratings equivalent to those of the French sovereign.

AFL Ratings

	Fitch Ratings	Standard & Poor's
Long-term rating	A+	A+
Outlook	Stable	Stable
Short-term rating	F1+	A-1

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Significant events during the first half of 2026

Launch of major strategic initiatives to diversify and optimise AFL's funding costs for the benefit of local governments

Since 2024, AFL's funding cost in the bond markets, as more broadly that of French public sector issuers, has increased significantly following the downgrade of the French sovereign rating.

Against this backdrop, AFL is pursuing two major strategic initiatives aimed at strengthening its refinancing capabilities over the long term. The first involves securing access to the covered bond market through the proposed acquisition of GE SCF S.C.A., a French specialised credit institution issuer of covered bond ("société de credit foncier"), subject to the required regulatory approvals. The second focuses on obtaining a 0% prudential risk weighting for AFL's senior debt securities.

These initiatives share a common objective: to diversify funding sources, enhance the resilience of AFL's business model and preserve the best possible financing conditions for local and regional governments.

Enhanced presence in the capital markets

During the first half of 2026, AFL has raised €1bn to an average spread of 14.6 basis points over the OAT curve, despite a more challenging market environment.

AFL completed its first Australian domestic bond issuance in May 2026, for an amount equivalent to €366m. This transaction marks an important milestone in AFL's refinancing strategy and supports the diversification of its investor base while contributing to the optimization of funding costs.

Through a new €500m benchmark bond issue launched in May 2026, AFL completed its euro yield curve with a new September 2033 reference maturity. The transaction received exceptionally strong investor demand, generating the largest order book in AFL's history at €3.7bn.

AFL continues its commitment to sustainable finance

As part of its annual funding programme and its ongoing efforts to continuously enhance its sustainable finance framework, AFL published on 29 June 2026 an updated version of its Sustainability Bond Framework.

The revised framework is aligned with international market standards, including the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by the International Capital Market Association (ICMA).

The framework also received an independent external assessment through a Second Party Opinion issued by EthiFinance:

- Framework: View the ESG issuance framework
- SPO EthiFinance: View the Second Party Opinion

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Subsequent events

- On 22 September 2026, the Board of Directors of AFL-ST launched **a new capital increase** to enable additional local governments to join the Group as shareholders.
- Since the end of the first half of the financial year, AFL has completed **a new syndicated euro-denominated sustainable bond issue, maturing in 2035, for an amount of €500 million under its updated Sustainability Bond Framework**. The transaction was priced at a spread of 16 basis points over the OAT curve.
- As at the date of this press release, **AFL raised a total principal amount of €1,501 million** on the bond markets since the beginning of 2026, at an average spread of 15 basis points over the OAT curve and completed the execution of its 2026 funding programme.

On 9 September 2026, AFL's Executive Board formally approved AFL's corporate and consolidated half-year financial statements for the first half of 2026. Meeting under the chairmanship of Mr. Sacha Briand on 22 September 2026, AFL's Supervisory Board favourably reviewed AFL's half-year financial statements.

On 22 September 2026, the Board of Directors of AFL-ST, the Société Territoriale, meeting under the chairmanship of Mrs. Marie Ducamin, approved AFL Group's consolidated half-year financial statements.

The Statutory Auditors have completed their limited review procedures on the corporate and consolidated half-year financial statements for the period ended 30 June 2026.

This press release contains certain forward-looking statements. Although AFL Group believes that these statements are based on reasonable assumptions as of the date of publication of this press release, they are by nature subject to risks and uncertainties, including those relating to geopolitical tensions, changes in macroeconomic forecasts and developments in monetary policy, which could cause actual results to differ from those expressed or implied in such statements.

AFL Group's financial information for the first half of 2026 consists of this press release and the report available here.

About AFL, the public bank by and for local governments

The only French bank to be 100% owned by local governments, AFL benefits from a unique and innovative business model; that of a bank created by and for local authorities. By becoming shareholders in AFL, local authorities access quick and personalised financing for their local investments, all while signing up to a sustainable and responsible way of working. For these authorities, it provides the freedom to invest, while maintaining a well-controlled management of their finances. Since the start of its activities in 2015, AFL has already provided more than 13 billion euros in financing and now totals 1,300 shareholders.

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

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