AFL HALF-YEARLY REPORT

RESULTS FOR H1 2026

La banque des collectivités locales

EDITORIAL BY THE CHAIRMAN OF THE EXECUTIVE BOARD

"The first half of 2026 signalled a new phase in the development of AFL, the bank for local governments. As a new electoral cycle began for the group of municipalities, AFL continued to support local investment while making fundamental changes to its banking model.

This momentum is reflected in the launch of two major strategic initiatives aimed at strengthening our long-term refinancing capacity: establishing access to the covered bond market through the proposed acquisition of the GE SCF S.CA. covered bond issuance vehicle and pursuing a 0% regulatory risk weighting for our senior debt securities. These initiatives share a common goal: to diversify our funding sources, strengthen the resilience of our operating model and secure the best financing conditions for local governments.

Against this backdrop, our first-half 2026 results remained solid despite exceptional items, particularly those linked to our transformation. These results point to the strength of AFL's model and its ability to create long-term value for its shareholder local governments."

***Yves Millardet,* Chairman of AFL's Executive Board**

KEY FIGURES ON 30 JUNE 2026

1,300
Shareholder local governments
29 new members during the first half of the year

€357
MILLION
Committed capital

€13.1
MILLION
Loans granted since the creation of AFL

€15.0
MILLION
Net banking income for the half-year (IFRS)

€4.2
MILLION
Gross operating income (IFRS)

€2.8
MILLION
Net profit (IFRS)

ACTIVITIES

DURING THE FIRST HALF OF 2026

MEMBERSHIPS

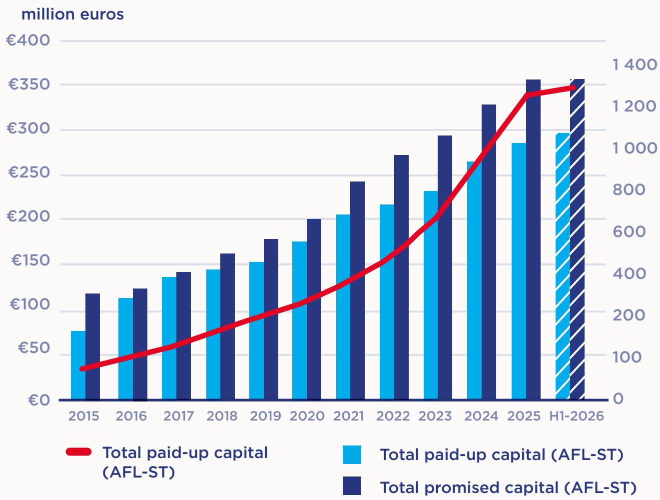
During the first half of 2026, which was characterised by elections for the group of municipalities, **29 local governments joined AFL**, demonstrating the continued momentum in membership and bringing the total number of shareholders to **1,300 local governments on 30 June 2026.**

New shareholder members are as follows: 4 trade unions, 2 municipality communities, 1 urban community and 22 municipalities of various sizes.

All told, the AFL Group's shareholders include 6 regions, 20 departments, 1,014 municipalities and 260 EPCIs (groupings of municipalities), including 15 metropolises.

The capital increase completed during the first half—our 47th since operations began—served to boost AFL's equity capital through an additional paid-up capital contribution of €10m, as shown in the chart below.

ADHESIONS AND CAPITAL



RESOURCES

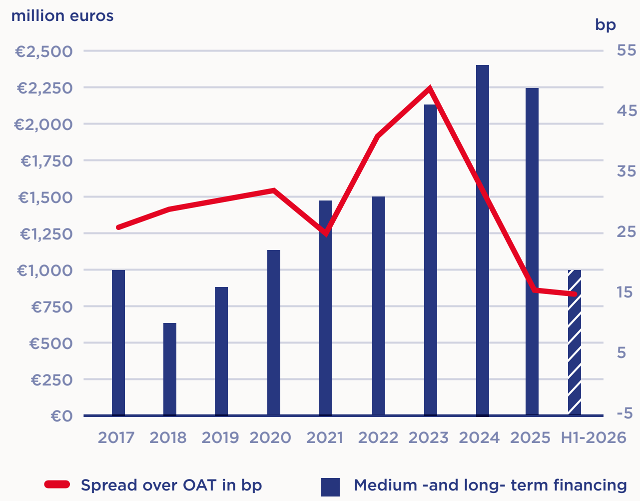
As of June 30, 2026, AFL raised €1.0 billion in resources at a margin of 14.6 basis points (bps) above the French Government bonds (OAT) curve (vs. 15.6 bps in 2025).

Despite this excellent performance against French Government bonds (OATs), supported by their Level 1 HQLA status since June 2024, AFL's debt securities still carry high issuance spreads over three-month Euribor. The latter reflects rising eurozone liquidity costs, driven at once by Germany's greater financing needs and the sharp deterioration in France's public finances.

These resources were raised through a mix of syndicated issues and private placements.

Most notably, in the first semester of 2026, the AFL completed its inaugural bond issuance on the Australian domestic market (Kangaroo bond), for a total amount of AUD 600 million, with a 10-year tenor (equivalent to €366 million). The highly successful transaction has enabled the diversification of AFL's investor base while optimising its funding cost. The remaining transactions for the first half comprised a €500 million seven-year syndicated issue and tap issues of existing bonds.

MEDIUM-AND LONG-TERM FINANCING

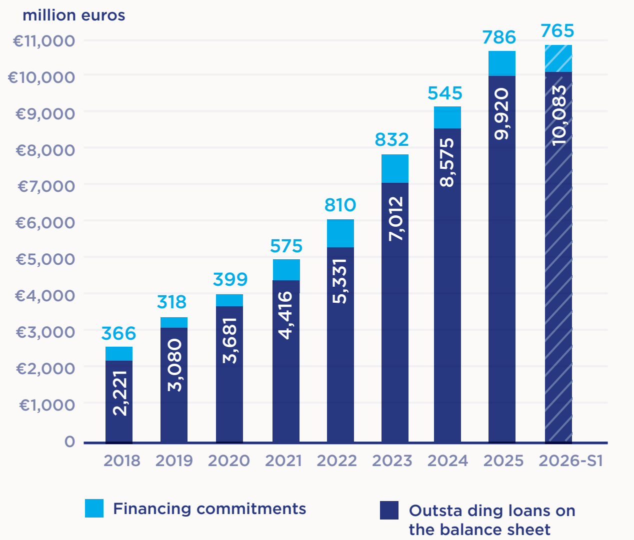


LOAN ORIGINATION

During the first half of 2026, AFL's loan origination totalled €432 million. Following March's elections for the group of municipalities, 2026 has heralded a new investment cycle for such local governments, typically illustrated by lower borrowing needs.

On 30 June 2026, outstanding medium- and long-term signed loans stood at €10.8 billion, while the cumulative loan origination since AFL's inception reached €13.1 billion.

OUTSTANDING SIGNED CREDITS (FRENCH GAAP)



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GLOSSARY

ICC	Initial Capital Contribution
ACC	Additional Capital Contribution
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (France's Prudential Supervision and Resolution Authority – the country's financial supervisory authority)
AFL	Agence France Locale
AFL-ST or ST or the Société Territoriale	Agence France Locale – Société Territoriale, the parent company of Agence France Locale
ALCo	ALM Committee
ALM	Asset and Liability Management
AMF	Autorité des Marchés Financiers (French Financial Markets Authority)
AT1	Perpetual Fixed Rate Resettable Deeply Subordinated Securities intended to be recognised as additional Tier 1 equity capital
ECB	European Central Bank
AC	Audit Committee
RC	Risk Committee
CRR	(EU) Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending (EU) Regulation No. 648/2012, as amended
ICC	Internal Control Committee
CET1	Common Equity Tier One
FGTC	French General Tax Code
Government (governments) or Local Government (local governments)	Local and regional governments, groupings of such governments and other local public entities
Medium- to long-term loan	Loan granted by AFL to a Member with an initial term of more than 364 days
GRC	Global Risk Committee
CAVC	Corporate added-value contribution
ALT	Average lifetime (life-to-asset/maturity)
EAPB	European Association of Public Banks
ECMS	European Collateral Management System
ECAI	External credit assessment institutions
ECP	Euro Commercial Paper – short term corporate securities
EMTN	Euro Medium Term Notes – bonds
EPCI	*Établissement public de coopération intercommunale* (Municipality grouping)
LPE	Local public entity
TPE	Territorial public entities

FED	Federal Reserve
Agence France Locale Group or AFL Group	The Group comprising Agence France Locale – Société Territoriale and Agence France Locale
HQLA	High quality liquid assets
DTA	Deferred tax assets
DTL	Deferred tax liabilities
IFRIC	IFRS Interpretations Committee
IMR	Initial margin requirement
LCR	Liquidity Coverage Ratio (LCR) – 30-day ratio covering liquidity
Members	Local governments whose applications for membership have been completed and which have therefore become shareholders in AFL-ST
NIM	Net interest margin
NSFR	Net Stable Funding Ratio
OAT	Obligations Assimilables du Trésor (French Government bonds)
OI	Official institutions
NBI	Net banking income
Banking leverage ratio	Leverage ratio as defined under the CRR EU Regulation, calculated without deducting development credits—a deduction for which AFL is eligible as a Public Development Credit Institution (ECPD)
GOP	Gross operating profit
NP	Net profit
RRD	Recovery and Resolution Directive
RW	Risk Weight – risk weighting applied in accordance with the CRR
RWA	Risk weighted assets
SaaS	Software as a Service
NDS	Negotiable debt securities
TL-TRO	Targeted longer-term refinancing operations
NPV	Net Present Value

Half Year **Report**

1. DEVELOPMENT STRATEGY AND MODEL

Authorised by French Law No. 2013-672 of 26 July 2013 on the separation and regulation of banking activities and created on 22 October 2013, the Agence France Locale Group ("**AFL Group**") is organised around a dual structure consisting of Agence France Locale - Société Territoriale ("**AFL-ST**", the parent company with financial holding company status) and, Agence France Locale ("**AFL**", the subsidiary, a specialised credit institution).

1.1. A robust structure

AFL is a financing facility for local government investment in which local governments are the exclusive shareholders through Société Territoriale (AFL-ST), its majority shareholder, which holds a stake of over 99.9%.
The optimisation of the cost of financing on the capital markets is the result of AFL's high credit quality, which is supported by the quality of the assets on its balance sheet, prudent financial policies and a double guarantee mechanism of explicit, irrevocable and on demand guarantees.

- On the one hand, the "**Member Guarantees**" granted by local governments that are AFL-ST shareholders to the benefit of any financial creditor of AFL enable shareholder local governments to be called on directly as guarantors. The amount of this guarantee is intended to be equal to the total amount of outstanding loans with a maturity of more than 364 days contracted by each Member Local Government with AFL. In this way, a creditor can call the guarantee from several local governments. A local government whose guarantee has been called by a creditor has the obligation to inform AFL-ST, which may in turn call all other Member guarantees in proportion to the amount of their loans contracted with AFL. This guarantee is organised to create solidarity between Member Local Governments in the payment of the amounts due while the liability of each is limited to the size of its own outstanding medium- to long-term loan. To ensure it has sufficient liquidity, AFL tends to borrow more than it lends to Members. As a result, the securities issued by AFL are not fully covered by the Member Guarantee mechanism:
  - On average, approximately 80% of the total amount of AFL's borrowings on the markets are used to grant medium and long-term loans to Members;
  - As a result, around 20% of the total borrowings issued by AFL on the markets were retained, both to ensure AFL's liquidity, in accordance with its prudential rules and management best practices, as well as to offer cash loans to Members under the conditions and within the limits set by AFL's financial policies.
- On the other hand, the "**ST Guarantee**", granted by AFL-ST for the benefit of any of AFL's financial creditors, enables the creditor(s) to call on AFL-ST directly for a guarantee. The ceiling of the "ST Guarantee" is set by AFL-ST's Board of Directors. It was increased from €20B to €25B by the Board on 10 June 2026. It covers all the commitments made by its subsidiary, AFL, to its beneficiary creditors. As of 30 June 2026, the amount of guaranteed
  securities issued by AFL, corresponding to debt issues and financial transactions with counterparties, amounted to €17.06B.

This two-part mechanism allows the beneficiaries of these guarantees[1] to have both the option of (i) calling on local governments that are AFL Group Members as guarantors, and/or (ii) being able to operate the "ST Guarantee", which offers the advantage of simplicity in the form of a single point of contact.

[1]The guarantee models are accessible on the AFL Group's website: www.agence-france-locale.fr/en/

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

1.2. A highly prudent liquidity policy

AFL has a liquidity policy with three objectives:

- The construction of a sufficient liquidity reserve to maintain its operational activities, in particular its debt and lending activities, for a period of nearly ten months; this reserve is largely made up of liquid assets that can be used for the regulatory Liquidity Coverage Ratio (LCR).
- A funding strategy that encourages a diversity of debt instruments (including benchmark issues in euros traded in regulated markets, including Sustainable Bonds, public issues in foreign currencies, private placements, etc.), as well as the diversity of the investor base, both by type and geographical area.
- In order to reduce its liquidity price risk, AFL strictly monitors the maturity gaps. It has undertaken to limit the difference in average maturity between its assets and liabilities to 18 months, albeit with the possibility of extending it to 24 months over a maximum period of six months.

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

1.3. HQLA1 standard for senior debt securities issued by AFL

The Supervisory Council of the ACPR (*Autorité de contrôle prudentiel et de résolution* – France’s financial supervisory authority) adopted Decision No. 2024-C-18 on 21 June 2024 allowing French municipalities, departments, regions and municipality groupings (EPCI) to be assimilated into the French central government with a separate tax status, as well as local governments ruled by specific statue - which may be assimilated into the central government provided that they adhere to criteria specified in (EU) Regulation 575/2013 of 26 June 2013 as amended. As a result, the senior debt issued by AFL may be considered as high-quality level 1 liquid assets (HQLA 1) pursuant to Article 10(1)(e)(ii) of the delegated (EU) Regulation 2015/61 of 10 October 2014, subject to the percentage of loans granted by AFL to assimilated regional and local governments (RGLA) which must be permanently equal to or greater than 90% of the total outstanding loans[2].
As of June 30, 2026, this percentage was 90.93%.

1.4. Rating of bonds issued by AFL

Since its inception, AFL has maintained an excellent credit rating, reflecting the strength of its model.
AFL’s bond issuance programme (EMTN – Euro Medium Term Note) received the same rating from the agencies Standard & Poor’s and Fitch.

2 Notice 2025, Methods for calculating and publishing prudential ratios within the scope of the CRD IV (Capital Requirements Directive IV) MREL (Minimum Requirement for own funds and Eligible Liabilities) (version of 17 December 2025), ACPR (France’s financial supervisory authority).

Rating/Rating agency	Fitch	Standard & Poor’s
Long term	A+, stable outlook	A+, stable outlook
Short-term rating	F1+, stable outlook	A-1, stable outlook

2. REVIEW OF ACTIVITIES DURING THE FIRST HALF OF 2026 AND HIGHLIGHTS

2.1. Economic and financial developments

2.1.1. Economic and market update

In the first half of 2026, the global economic and financial environment deteriorated significantly, driven by the combined impact of heightened geopolitical tensions, a new energy shock following the outbreak of war between Iran and the United States, and continued uncertainty over the trade and fiscal policies of the world’s major economies. On the back of resilient activity the world over in 2025, despite trade tensions, the global economy faced a renewed supply shock, at once weighing on the growth outlook, inflation expectations and financial conditions.

The monetary easing initiated by the major central banks came to a halt in Europe in the first half of 2026. Rising energy prices following tensions in the Middle East triggered new inflationary pressures, prompting the European Central Bank (ECB) to raise its three key interest rates by 25 basis points (bps) at its meeting on 11 June 2026. This decision marks a departure from the rate-cutting cycle underway since 2024, reflecting a more complex trade-off between supporting economic activity and controlling inflation.

In Europe, the economic outlook deteriorated during the first half of the year. The energy shock had a particularly significant impact on the European Union (EU), a net energy importer, by increasing production costs, weighing on household purchasing power as well as weakening investor and consumer confidence. Germany has struggled to implement an investment stimulus strategy, notably in infrastructure and defence. France remains a key concern for investors owing to the continued deterioration in its public finances and the political instability that has prevailed since the dissolution of the National Assembly in June 2024.

Published on 21 May 2026, the European Commission’s Spring Economic Forecast points to a marked slowdown in economic activity. Real GDP growth is now forecast at 0.9% in 2026 and 1.2% in 2027 for the eurozone, and at 1.1% in 2026 and 1.4% in 2027 in the EU. Inflation was revised upwards to 3.0% in 2026 and 2.3% in 2027 for the eurozone, primarily reflecting higher energy prices. European public finances are also expected to remain under pressure owing to weak economic activity, higher interest costs, support measures introduced in response to the energy shock and increased defence spending.

At the global level, the International Monetary Fund (IMF) July 2026 *World Economic Outlook* forecasts growth of 3.0% in 2026 and 3.4% in 2027, below the rates recorded in 2024 and 2025. The IMF notes that the global economy, which had proved resilient to increased trade restrictions, is now weakened by geopolitical and energy pressures. Downside risks remain, particularly in the event of a prolonged or wider conflict in the Persian Gulf, renewed trade tensions and a sharp reassessment of expected productivity gains from artificial intelligence (AI).

Financial markets operated in a more volatile environment during the period. Equity markets remained resilient across the board, boosted by momentum in certain sectors, particularly technology, albeit with continued sensitivity to rising energy prices and geopolitical uncertainty. In bond markets, the more stringent public-sector funding requirements in Europe long with the reduced presence of central banks and renewed inflationary pressures contributed to maintaining a high term premium. Primary issuance in the euro sovereign bond market reached historically high levels, notably with the funding programmes of France and Germany remaining substantial. In France, the government's indicative funding programme for 2026 provides for nearly €310B of medium- and long-term issuance, net of redemptions.

Against this backdrop, central banks are expected to continue adopting a data-driven approach, without committing in advance to a specific path for interest rates. In the months ahead, the main areas of focus will be energy price developments, the indirect effects of the inflationary shock on wages and margins, and the resilience of the labour market. The outlook for monetary policy is therefore more uncertain than at the end of 2025, in an environment where upside risks to inflation coexist with downside risks to growth.

Lastly, France continues to face its own specific challenges. The absence of a clear majority in the National Assembly, coupled with the prospect of the 2027 presidential election, continues to complicate the establishment of a credible fiscal trajectory, while the deterioration in public finances calls for significant adjustment measures. This situation is contributing to concerns among markets and credit rating agencies amid high funding requirements and heightened investor sensitivity to sovereign risk. It is also maintaining pressure on financing conditions for French issuers in a European environment already characterised by a broad increase in sovereign bond supply.

2.1.2. Local governments' financial position

Against a background of easing inflation, the end of the electoral investment cycle and recovery in the property market, the 2025 financial year was characterised by mixed trends. On the one hand, the financial position of local governments improved over the year, although performance remained contrasted between segments. The group of municipalities remained robust overall, while departments continued to face structural weaknesses, notably owing to the burden of social expenditure. Regions were also still under significant financial pressure. On the other hand, expenditure—particularly capital expenditure—increased substantially, reaching a record level of approximately €85B.

The 2025 financial year was characterised by the following factors:

- Gross savings capacity recovered by 6.3%, on the back of a two-year decline, although trends varied across local government segments. Growth was limited among municipalities (+3.1%) and groupings with a separate tax status (GFP) (+2.0%), but was more pronounced among regions (+7.3%) and particularly strong among departments (+22.8%). This recovery was driven by two factors:
    - Across the board, real operating revenue (RRF) for local governments was up (+2.4%) while inflation stood at only 0.9%. This growth was attributable in particular to higher tax revenue, supported by the revaluation of tax bases, the effects of past inflation and more favourable economic conditions. Most notably, tax receipts from transfer taxes (*droits de mutation à titre onéreux* – DMTO) recorded a notable rebound of 20.9%, reflecting the recovery in the real estate market and benefiting departments after two consecutive years of decline (-22.3% and -12.8%).
    - Real operating expenditure (DRF) increased moderately by 1.6%, driven mainly by staff costs, purchases and external expenses. The slower growth in operating expenditure compared with 2024 reflected the normalisation of inflation, including lower energy prices and stabilising food prices. Individual solidarity allowances (AIS) paid by French departments were up 1.7%. Lastly, contributions paid by French departments and regions decreased (-9.1%).

- **Investment continued to rise, reaching a record level of approximately €85B, up 2.1%.** In line with the electoral investment cycle, capital expenditure increased within the group of municipalities, rising by 5.6% among municipalities and by 10.8% among GFP. Reflecting the financial pressures affecting departments and regions, their capital expenditure declined by 11.2% and 4.1%, respectively. This record level of investment was supported by the recovery in savings, the strong performance of the VAT Compensation Fund (**FCTVA**) and increased borrowing.

- **Sustained borrowing activity**. In 2025, local governments' borrowing activity (main budgets and appendices) totalled €29.5B[3]. The table below presents the consolidated debt position of local governments as well as local government groupings and joint trade unions as of 31 December 2025[4]:

	Municipalities		OTG		Departments		Regions		Intercommunal associations of municipalities		Total	
	Amount (€ billion)	Development 2025/2024	Amount (€ billion)	Development 2025/2024	Amount (€ billion)	Development 2025/2024	Amount (€ billion)	Development 2025/2024	Amount (€ billion)	Development 2025/2024	Amount (€ billion)	Development 2025/2024
Debt reimbursement	7,08	0,9%	4,73	2,8%	3,29	1,9%	2,71	4,2%	1,86	1,6%	**19,67**	2,0%
New borrowings	9,16	16,3%	7,91	27,7%	5,29	-3,2%	4,19	-13,2%	2,92	7,1%	**29,47**	8,8%
Debt on 31/12/2025	73,81	2,5%	56,52	6,5%	35,37	5,7%	38,76	2,9%	21,41	5,5%	**225,87**	4,3%

  - The relatively limited debt burden of local governments should be considered in light of their position as France's leading public-sector investors.
  - As of 31 December 2025, outstanding local government debt totalled around €226B, comprising €74B for municipalities, €56.5B for municipality groupings (EPCI) with a separate tax status, €35B for departments and €39B for regions. Local government grouping and joint trade unions accounted for a further €21.5B in outstanding debt.
  - At end-2025, outstanding debt for local government bodies (**APUL**) stood at €275.7B, equivalent to approximately 9% of GDP and 8% of total public debt—reaching €3.460T on the back of a €154.4B increase. Local government bodies (APUL) contributed €13.2B to public debt in 2025, vs. €14.1B in 2024. The increase in APUL debt was mainly attributable to municipalities (+€4.9B), departments (+€2.1B), regions (+€2.4B) and Île-de-France Mobilités (+€1.8B). The remainder of the increase was attributable to local government trade unions and other miscellaneous local government bodies (**ODAL**)[5].

In 2026, local government capital expenditure and borrowing are expected to decline, reflecting both the municipal and GFP electoral investment cycle and the restraint shown by departments and regions in relation to investments and borrowings in 2025.

2.2. Loan production

During the first half of 2026, AFL's medium- and long-term loan production totalled €432m, vs. €728m for the same period one year prior. Loan production declined year-on-year, in line with the end-of-term of office for an investment cycle and the elections held for the group of municipalities during the first half of the year. Parallel to this, regions and departments kept borrowing at a sustained level, reflecting financing requirements that remain substantial in context of continued budgetary restrictions. The average maturity of medium- to long-term loan production granted in the first half of 2026 was 18.5 years vs. 17.4 years for the same period a year earlier, representing a

[3] Unlike credit rating agencies (Moody's and Standard and Poor's), the AFL consolidates local governments' debt and borrowing requirements by aggregating their main and supplementary budgets.
[4] Source: Provisional 2025 management accounts (AFL calculations and Appendix 2C of the 2025 Report by the Observatory of Local Public Finances and Management, OFGL 2025_v0930.pdf Report
[5] Source: INSEE (France's National Institute of Statistics and Economic Studies), "The General Government Accounts in 2025", INSEE Première, No. 2106, May 2026.

modest but non-representative rise. In addition to medium- and long-term loans, €203m short-term loans were produced, compared to €182m in the first half of 2025.

As of 30 June 2026, outstanding loans, itemised according to French accounting standards, totalled €10.083B in loans made available and €765m in financing commitments, generating a total of €10.848B in signed commitments, which also included cash loans.

2.3. Memberships

The AFL Group had 1,300 members at the close of the half-year ended 30 June 2026.

29 new local governments joined AFL over the past half-year period. On 30 June 2026, 1,300 local governments were shareholders, including 6 regions, 20 departments, 1,014 municipalities and 260 groupings, including 15 metropolis, 6 EPT (territorial public entities), 10 urban communities, 59 suburban communities, 82 municipality communities and 88 unions and local public entities.

Memberships registered in H1 2026 increased committed capital[6] to a total of €356,622,000.00. As a result, as of 30 June 2026, AFL-ST's share capital increased to €295,520,900.00 while AFL's share capital rose to €272,642,745.31.

The table below presents a breakdown of AFL-ST's share capital and voting rights by local government type, as of 30 June 2026, on the back of the 47th share capital increase.

Figures in € thousands	Number	Committed capital	Paid in capital	% of capital and voting powers
Region	6	68,187	53,209	18.01%
Department	20	80,393	49,370	16.71%
Municipalities	1,014	77,335	69,237	23.43%
Groupings	260	130,707	123,705	41.86%
Metropolises	*15*	*81,617*	*79,486*	*26.90%*
Territorial public entities	*6*	*6,077*	*6,077*	*2.06%*
Urban communities	*10*	*5,217*	*4,628*	*1.57%*
Suburban communities	*59*	*19,007*	*15,892*	*5.38%*
Municipality communities	*82*	*4,483*	*3,871*	*1.31%*
Other groupings	*88*	*14,307*	*13,751*	*4.65%*
TOTAL	1,300	356,622	295,521	100%

The share capital of AFL is wholly owned by AFL-ST, minus one share (= voting right) held by the Métropole de Lyon (Lyon Metropolitan Area). Under the legal arrangements governing the AFL Group, only AFL-ST is permitted to subscribe to AFL's capital as the stake held by the Lyon Metropolitan Area is diluted whenever there is a capital increase within the AFL Group.

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

2.4. AFL's capital market activity

2.4.1. Company borrowing programme

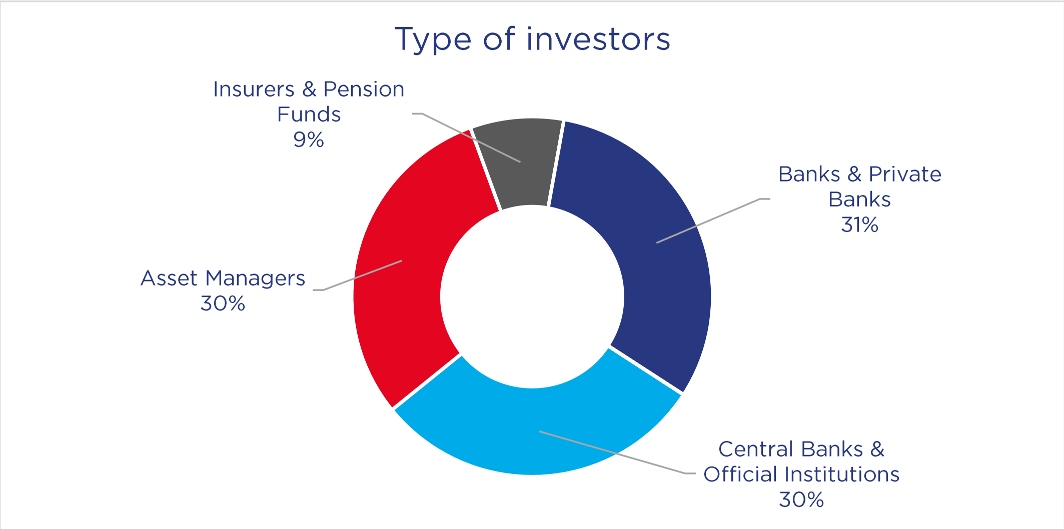
The AFL's medium- to long-term borrowing programme for 2026, as approved by the Supervisory Board on 9 December 2025, was set at:

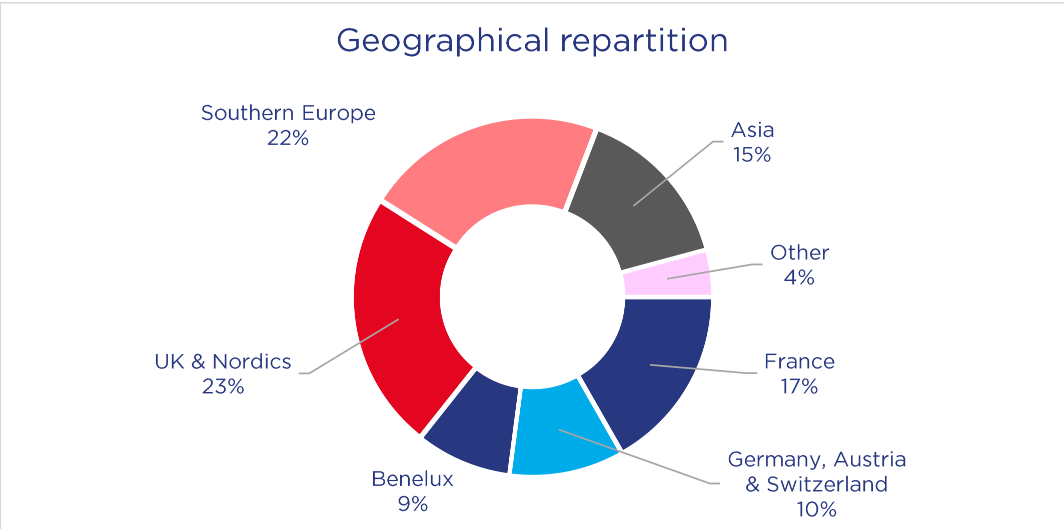
- a maximum of €2.5B (part of which would correspond to potential pre-financing in 2027) in medium- and long-term issuance, including under the EMTN (Euro Medium Term Note) and Australian dollar sub-programmes; and
- authorisation to raise up to €750m under the ECP sub-programme, subsequently increased to €1B by the Supervisory Board on 10 June 2026.

2.4.2. Bond issues under the EMTN programme

During the first half of 2026, AFL continued to pursue a diversified funding strategy combining private placements and public bond issues.

With the launch of a new €500m bond issue in May 2026, AFL extended its euro funding curve by adding a new benchmark maturity in September 2033. The issue also confirmed the favourable pricing of AFL's debt securities, with an issuance spread of 18 basis points (bps) above the OAT (French Government bond) curve.
The distribution of this issue is presented in the charts below. These show a well-diversified investor base by category and geographical origin, with a growing share allocated to bank treasuries in Southern European countries.





This transaction was supplemented by two taps of existing bonds maturing in 2032 and 2038, for principal amounts of €100m and €25m respectively, at spreads of 15 and 16 bps over OATs. AFL also completed a ten-year private placement with a principal amount of €10m at a spread of five bps over OATs.

In addition, AFL raised funding in Australia's domestic market for the first time, for the equivalent of €366m (see Section 2.4.4).

As of 30 June 2026, AFL had raised a total of €1.001B through bond issues, including the syndicated Australian dollar issue. This represented nearly two-thirds of its funding requirements for 2026, at an average spread of 14.6 bps over OATs with an average maturity of 8.3 years.

The resources mobilised on the markets enabled AFL to pursue its development, while ensuring a sound balance sheet by maintaining a stable average duration from one financial year to the next.

2.4.3. ESG issues

On 2 February 2026, the AFL published its 2025 Sustainability Bonds Report, detailing the allocation and impact of the funds raised under its sustainable bond programme, launched in 2020. Thanks to the success of this programme, AFL has already raised €2.25B in principal on the bond markets – including three benchmarks, with each totalling €500m, as well as private placements – to support regional transformation projects: renovation of public facilities, carbon-free mobility, water and waste management, and sustainable urban planning.

What's more, as part of its annual borrowing programme, AFL published an updated Green, Social and Sustainability Bond Framework on 29 June 2026, honouring its commitment to continuously improving its sustainable finance arrangements.

The updated framework is aligned with international market standards, including the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines— as published by the International Capital Market Association (ICMA). The updated framework was subject to a new independent Second Party Opinion from EthiFinance, confirming:
- its consistency with the AFL's Sustainability Strategy;
- the robustness of the bank's ESG risk management processes;
- the significant environmental and social impact of the projects financed.

Prepared with the support of Crédit Agricole CIB as structuring adviser, the update now enables AFL to issue not only sustainability bonds but also dedicated green or social bonds, depending on the nature of the projects financed. This development forms part of AFL's strategy to strengthen its presence in the sustainable bond market, a key component of its funding. It is accompanied by stronger ESG governance, including a commitment to issue at least one benchmark bond per year in this format.

2.4.4. Bond issues under the Kangaroo programme

As part of its annual borrowing programme, AFL completed its first Australian dollar-denominated bond issue in Australia's domestic market on 4 May 2026. The syndicated Kangaroo bond had a principal amount of A$600m—equivalent to around €366m—a fixed annual interest rate of 5.900% and a maturity date of 20 February 2036.

The transaction represents an important step in the bank's funding diversification strategy, which aims to broaden its investor base while strengthening the robustness, competitiveness and resilience of its capital markets funding model. This transaction also serves to optimise the AFL's financing cost.

2.4.5. Money market issuances under the ECP *(Euro Commercial Paper)*

In the context of the annual borrowing programme, the AFL made several ECP issues during the period, in order to finance the short term loans that the AFL grants to its members and also to optimise the management of its own cash flow. These transactions were carried out exclusively in euros, with an average outstanding amount for the period of €418m.

2.5. Governance

As of 30 June 2026, the composition of the AFL Supervisory Board was as follows:

	Independence[7]	Specialised Committees			
		Audit Committee	Risk Committee	Appointments, Compensation and Corporate Governance Committee	Strategy and Responsible Commitments Committee
Sacha Briand Chairman of the Board					
Marie Ducamin Deputy Chair of the Board					
Philippe Rogier		◊	◊	◊	◊
Olivier Labe	▲	◊			■
Marie Lemarié	▲	■	◊		
Olivier Landel				◊	◊
Sophie L'Hélias	▲			■	
Sophie Souliac	▲		■	◊	
Julien Denormandie	▲				◊
Estelle Grelier	▲			◊	
Lydie Assouline	▲		◊		
Bertrand de Mazières	▲	◊			
Véronique McCarroll	▲		◊		◊
François Thomazeau	▲				◊

■Chairman of the Committee
◊ Committee Members

[7] The independence of Supervisory Board members is determined according to the criteria of the AFEP-MEDEF Code, as outlined in the Corporate Governance Report which is appended to the Annual Report.

2.6. Agence France Locale – Immobilier

In June 2024, AFL formed a subsidiary as a single-shareholder simplified joint-stock company (SASU).
This Company, which was initially known as Agence France Locale – Foncière before its rebrand as Agence France Locale – Immobilier, has a capital of €12,500,000 and is fully owned by the AFL. Entered in the Lyon Trade and Company register (RCS) under the number 929 596 583, it is currently headquartered at AFL's premises (112, Rue Garibaldi, 69006 Lyon).
Its main purpose is to acquire real estate for office use in Lyon's Part-Dieu district—the Vertuo building—under an off-plan property purchase agreement prior to completion (VEFA). The building is undergoing extensive refurbishment to stringent environmental standards and is intended to house AFL's registered office upon completion of the works, scheduled for the second half of 2026. This was agreed by the two companies under a lease agreement prior to completion (BEFA) signed on 21 October 2024. This subsidiary may also lease part of the building to third parties.

3. AFL'S RESULTS DURING THE PERIOD

The half-year financial statements were prepared according to French GAAP, with no change compared to the previous financial year and in compliance with the provisions of the general accounting plan for credit institutions. Additional explanations are provided in the notes to the half-year financial statements.
AFL also voluntarily prepares financial statements in accordance with IFRS for the period ended 30 June 2026. These statements are consolidated to include AFL and its subsidiaries, Agence France Locale – Immobilier and Agence France Locale – Participations SAS.

3.1. AFL's parent company financial statements prepared under French GAAP

While core business revenue continued to grow as a result of the steady growth in outstanding loans to Member Local Governments, profitability was affected, on the one hand, by exceptional expenses incurred over the period and, on the other, by a slight increase in liquidity carrying costs. As such, net profit for the first half of 2026 declined by 9% year-on-year.

During the first half of 2026, AFL's medium- and long-term loan production totalled €432m, vs. €728m for the same period in 2025. The year-on-year change in loan production primarily reflects a different borrowing cycle in 2026, following the elections held for the group of municipalities in March. The cash loans business remained strong, with €203m produced over the period, compared with €182m a year earlier.

As of 30 June, 2026, net banking income (NBI) generated by the business continued to increase, reaching €15,430K vs. €14,562K at end-June 2025. This 6% increase in NBI under French accounting standards was attributable to the following factors:

- Net interest margin (NMI) increased from €13,385K as of 30 June, 2025 to €13,878K as of 30 June, 2026, mainly stemming from higher interest income achieved through the growth in outstanding loans. However, in the second quarter of 2026, the cost of carrying the liquidity raised during the period moderated growth in the NMI.
- A writeback in impairment losses on investment securities of €1,105K, which was more significant than as of 30 June 2025 (+€687K), owing to the decrease in unrealised capital losses during the first half of 2026, following more stable securities margin requirements in the investment portfolio. This situation reflected an improved valuation of AFL's investment portfolio. In accordance with the precautionary principle directing French GAAP, impairment losses on investment securities are booked on the basis of unrealised capital losses. At the same time, these provisions cannot be taken as indicators of proven

counterparty risk[8]. After booking writeback provisions of €1,105K for impairment losses on investment securities, the stock of impairments totalled €3,274K as of 30 June 2026.

- In addition to interest income, on the one hand, AFL booked fees on short term loans (commitment and non-utilisation fees)—the net amount of which increased to €184K vs. €81K in the first half of 2025. On the other, AFL recorded capital gains on the sale of investment securities of €257K, after booking profit from the discontinuation of related hedging relationships, vs. €398K during the same period a year earlier.
- Net interest margin (NIM), totalling €13,878K on 30 June 2026, comprised the following items:

    - €141.5m in net interest income from hedging instruments, on outstanding loans for the first half of 2026, which was equal to the amount reported for the same period in 2025. This stability resulted from two opposing factors. First, the continued increase in outstanding loans generated higher interest income at constant pricing. Second, in the first half of 2026, the average of the 3-month Euribor (Euro Interbank Offered Rate – the benchmark used for hedging) rate was lower than the corresponding period in 2025. The 3-month Euribor stabilised at around 2% from June 2025, on the back of an almost continuous decline since April 2024 before rising again in early March 2026. With this in mind, at constant volumes, it resulted in lower interest after hedging.

    - €27.6m in interest income net of hedging instruments in liquidity and collateral management reserve assets in H1 2026, vs. €28.7m in interest income in H1 2025. Again, this change was primarily attributable to the period-on-period decline in short-term interest rates, to which the liquidity reserve assets are indexed. In particular, the interest rate paid on central bank deposits remained at 2% for almost the entire first half of 2026, compared with between 2% and 3% in the first half of 2025. AFL's outstanding liquidity reserve (under French GAAP) was €2.438B as of 30 June 2026, up from €2.117B year-on-year, mainly driven by the progress made in implementing the 2026 borrowing programme.

    - Interest expense on AFL's outstanding balance-sheet debt, net of hedging instruments, totalled €155.2m, vs. €156.8m in the first half of 2025. As with the loan portfolio, this relative stability reflected the period-on-period decline in 3-month Euribor, to which most of AFL's debt is indexed, combined with an increase in volumes associated with growth in lending activity.

General operating expenses for the period amounted to €9,365K, vs. €8,365K as of 30 June 2025. This increase was mainly attributable to booking a €510K provision for other risks and expenses. Personnel expenses totalled €4,783K as of 30 June 2026, vs. €3,981K for the first half of the previous financial year, while administrative expenses amounted to €4,582K, vs. €4,384K as of 30 June 2025, after deducting rebillings between AFL and other AFL Group companies. The 5% year-on-year increase in administrative expenses was mainly owing to higher IT fees, linked to upgrades made to AFL's information system.

Costs of €1,274K incurred in connection with the proposed acquisition of GE SCF SCA will be recognized as an operating expense, beginning on the effective date of the acquisition of SCF, through amortization over 5 years, in accordance with tax regulations.

Profit for the period ended 30 June 2026 includes depreciation and amortisation of €552K, vs. €574K as of 30 June 2025. This slight decrease should be viewed in context, as several investments—particularly those relating to the Information Systems Master Plan (ISMP)—remain in progress and are expected to result in higher depreciation and amortisation expenses in the second half of the year.

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[8] At the end of the reporting period, in accordance with the precautionary principle directing French GAAP, investment securities are booked in the balance sheet at their acquisition cost or, where lower, at their selling price at the closing date, after taking into account, where applicable, the value of the related micro-hedging swap.

After depreciation and amortisation, gross operating profit as of 30 June 2026 stood at €5,512K, vs. €5,624K for the first half of 2025. After booking corporation tax of €1,010K vs. €682K in the first half of 2025, AFL's net profit on 30 June 2026 was €4,502K vs. €4,942K for the same period in 2025. Income tax expense was higher in the first half of 2026 than in the corresponding period a year earlier, as the AFL Group's tax losses were fully utilised during the period.

Reconciliation of French GAAP statements with IFRS

Transition from French GAAP to IFRS (in thousands of euros)	June 30, 2026
Net profit under French GAAP	**4 464**
IFRS restatements	
Cancellation of provisions for unrealized losses on investments securities	-1 105
Cancellation of AT1 Interest	1 735
IFRS 9 impairment losses	-234
Hedging inefficiencies of financial instruments	-954
Fees / Acquisition Costs for SCF	-929
Deferred tax adjustments	-443
Deferred taxes on other temporary differences	353
Other treatments	-51
Net profit under IFRS	2 835

3.2. AFL financial statements according to IFRS

While core business revenue continued to grow as a result of the steady growth in outstanding loans to Member Local Governments, profitability was affected primarily by exceptional expenses incurred over the period, a slight increase in liquidity carrying costs and negative hedging inefficiencies under IFRS. As such, net profit for the first half of 2026 significantly declined year-on-year.

During the first half of 2026, AFL's medium- and long-term loan production totalled €432m, vs. €728m for the same period in 2025. The year-on-year change in loan production primarily reflects a different borrowing cycle in 2026, following the elections held for the group of municipalities in March. The cash loans business remained strong, with €203m produced over the period, compared with €182m a year earlier.

As of 30 June 2026, net banking income (NBI) generated by the business stood at €15,028K, vs. €15,350K as of 30 June 2025. This 2% decrease in NBI under international accounting standards was owing to the following factors:

- An increase in the net interest margin from €15,116K as of 30 June, 2025 to €15,541K at 30 June 2026, which mainly stemmed from higher interest income generated by the increase in outstanding loans. However, in the second quarter of 2026, the cost of carrying the liquidity raised during the period moderated growth in the NMI.

- In addition to interest income, AFL posted fees for cash loans (commitment and non-utilisation fees), the net amount of which increased to €184K vs. €81K in the first half of 2025, with losses on financial instruments of -€696K, vs. a gain of €153K as at 30 June 2025. These losses on financial instruments in the first half of 2026 consist of capital gains on disposals of securities at fair value through equity, after factoring in the discontinuation of hedging relationships for €257K and hedging inefficiencies for -€954K, vs. €398K and -€269K respectively as of 30 June 2025.

Net interest margin (NMI), totalling €15,541K as of 30 June 2026, broke down as follows:

- €141.5m in net interest income from hedging instruments, on outstanding loans for the first half of 2026, which was equal to the amount reported for the same period in 2025. This stability resulted from two opposing factors. First, the continued increase in outstanding loans generated higher interest income at constant pricing. Second, in the first half of 2026, the average of the 3-month Euribor (Euro Interbank Offered Rate – the benchmark used for hedging) rate was lower than the corresponding period in 2025. The 3-month Euribor stabilised at around 2% from June 2025, on the back of an almost continuous decline since April 2024 before rising again in early March 2026. With this in mind, at constant volumes, it resulted in lower interest after hedging.
- €27.5m in interest income net of hedging instruments in liquidity and collateral management reserve assets in H1 2026, vs. €28.7m in interest income in H1 2025. Again, this change was primarily attributable to the period-on-period decline in short-term interest rates, to which the liquidity reserve assets are indexed. In particular, the interest rate paid on central bank deposits remained at 2% for almost the entire first half of 2026, compared with between 2% and 3% in the first half of 2025. Under IFRS, AFL's outstanding liquidity reserve was €2.407B as of 30 June 2026, up from €2.092B year-on-year, driven by the progress made in implementing the 2026 borrowing programme.
- Interest expense on AFL's outstanding balance-sheet debt, net of hedging instruments, totalled €153.4m, vs. €155m in the first half of 2025. As with the loan portfolio, this relative stability reflected the period-on-period decline in 3-month Euribor, to which most of AFL's debt is indexed, combined with an increase in volumes associated with growth in lending activity.

During the period, management of the liquidity reserve portfolio generated net profit of €257K on the sale of securities measured at fair value through other comprehensive income, after unwinding the related interest-rate hedging instruments. On a comparative basis, in the first half of 2025, portfolio management achieved net capital gains on sales of €398K.

At 30 June 2026, net losses on financial instruments totalled -€696K, vs. net gains of €153K for the same period a year earlier. These net losses comprised two main components: gains of €257K on the sale of securities measured at fair value through other comprehensive income, including the impact of discontinuing the related hedging relationships; and a net negative fair value adjustment of -€954K on hedged items and their hedging instruments, vs. an estimated -€269K one year prior. Indeed, unrealised valuation differences persisted between hedged items and hedging instruments, one of the components of which stems from a market practice that recognises a valuation asymmetry between hedging instruments that are collateralised on a daily basis, discounted on a euro short-term rate ("€STR") curve, and hedged items, discounted on a Euribor curve. It should be noted that this was nevertheless an unrealised income item.

At 30 June 2026, general operating expenses totalled €10,362K, vs. €8,452K exactly one year prior. This increase is mainly attributable to a €510K provision for other risks and expenses, together with €929K in exceptional fees incurred in connection with the proposed acquisition of GE SCF.

Personnel expenses totalled €4,784K as of 30 June 2026, vs. €3,981K for the first half of the previous financial year, while administrative expenses amounted to €5,578K, vs. €4,471K as of 30 June 2025, after deducting rebillings between AFL and other AFL Group companies. Excluding the aforementioned one-off fees, administrative expenses increased by approximately 4% year-on-year, mainly due to higher IT charges related to enhancements to AFL's information system.

Income as of 30 June 2026 factors in the depreciation, amortisation and impairment of intangible assets as well as property, plant and equipment, totalling €497K vs. €566K as of 30 June 2025. This slight decrease should be viewed in context, as several investments—particularly those relating to the Information Systems Master Plan (ISMP)—remain in progress and are expected to result in higher depreciation and amortisation expenses in the second half of the year.

After depreciation and amortisation, gross operating profit as of 30 June 2026 stood at €4,169K vs. €6,332K for the first half of 2025.

The risk cost relating to ex-ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 represented an expense of €234K for the first half of 2026, vs. €36K for impairments recorded in the first half of 2025. AFL's risk cost remains low, given the nature of the assets carried on the balance sheet, and with limited changes from one period to the next. This rise in the risk cost is mainly attributable to revisions made to the assumptions used for determining the economic scenarios by asset class, to account for the deterioration of macroeconomic and geo-strategic risks, and to a lesser extent, to higher outstanding asset volumes. As of 30 June 2026, the overall stock of IFRS 9 impairments was €1,733K, vs. €1,499K on 31 December, 2025.

After allocating the risk cost resulting from the application of IFRS 9, operating profit as of 30 June 2026 totalled €3,935K, vs. €6,296K for the same period in 2025.

Lastly, in 2026, tax charges amounted to €1,100K. The latter broke down as follows:

- €1,010K in current income tax charges;
- €353K of deferred tax income related to IFRS consolidation adjustments;
- €443K in 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 totalled an estimated €6K as of 30 June 2026.

After booking tax charges, as of 30 June 2026, net profit totalled €2,835K vs. €4,643K for the same period in 2025.

4. ASSETS AS AT 30 JUNE 2026 (IFRS)

AFL's assets mainly consist of loans to local governments, with securities resulting from the placement of liquidity reserves, AFL's bank statements, margin calls paid to swaps and the fair value of hedging derivatives. As of 30 June 2026, AFL's assets mostly consisted of loans to Member Local Governments. Deposits with Banque de France constitute a buffer, resulting from several fundraisings during the period, pending future disbursements as part of loan production, which typically accelerate in the third and fourth quarters. As of 30 June 2026, the share of liquidity in relation to the balance sheet total was 18.8%, compared to 17.5% as of 31 December 2025.

Extracts from the main asset items (IFRS)

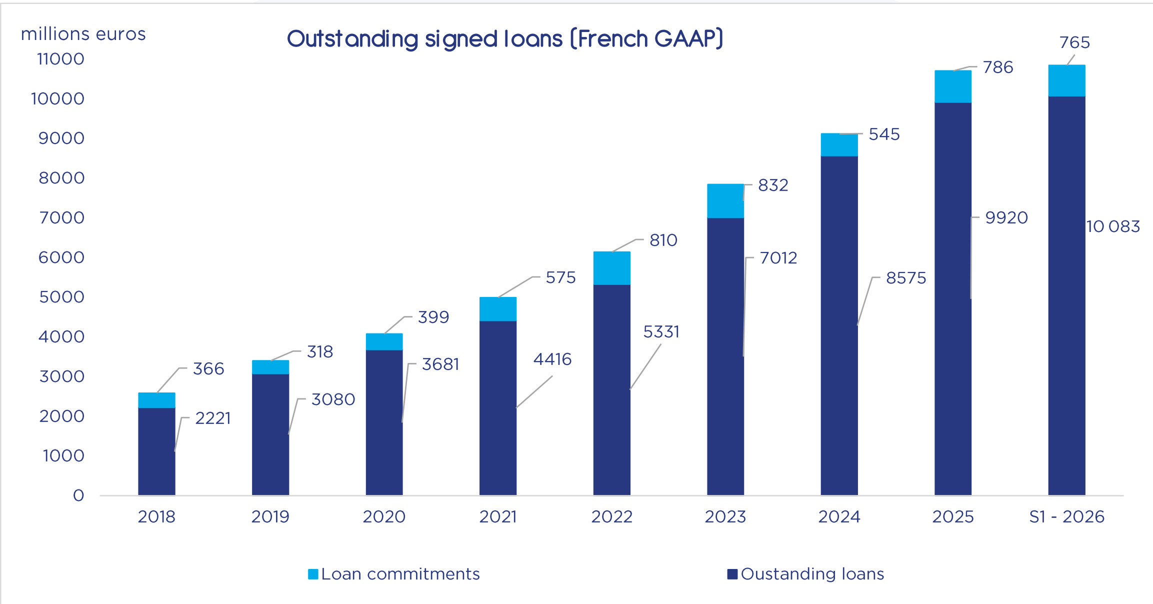
In thousands of euros	Jun-26	Dec-25	Dec-24
Loans and customer transactions	9 675 509	9 485 341	8 247 330
Securities at fair value through over comprehensive income	934 727	721 498	763 359
Securities held at amortized cost	558 654	527 652	465 424
Loans and receivables due from credit institution	192 354	169 429	194 798
Margin calls	67 286	66 352	55 670
Cash and central banks	720 988	741 855	485 842
Hedging derivative instruments	653 687	663 081	676 072

4.1. Loans granted to local governments

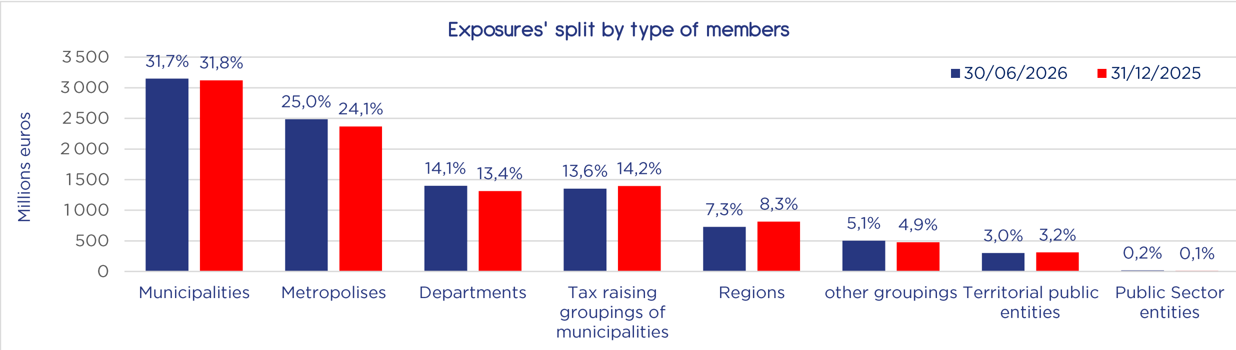
AFL exclusively lends to French local governments that are shareholder members of Société Territoriale (AFL-ST). At 30 June 2026, under IFRS accounting principles, the loan portfolio, recorded on the assets side of AFL's balance sheet, represented an outstanding amount of €9.676B, vs. €9.485B at 31 December 2025, after factoring in the impact of interest-rate movements under hedge accounting, corresponding to changes in the fair value of the hedged interest-rate component. This increase reflected the disbursement during the first half of 2026 of a proportion of the loans produced in the 2025 financial year, which remained undisbursed and were recognised off balance sheet at 31 December 2025, together with new loans produced during the reporting period. At 30 June 2026, off-balance sheet financing commitments amounted to €765m, compared to €786m at 31 December 2025. As a result, at 30 June 2026, AFL's total loan commitments to local governments amounted to €10.440B vs. €10.272B at 31 December 2025.

The graph below shows the change in the average outstanding amount of the signed medium- and long-term loan portfolio, measured on the basis of the outstanding principal under French GAAP.

Change in outstanding loans (€m)



As of 30 June 2026, 70.3% of the loan portfolio consisted of exposures to the entire group of municipalities (vs. 70.1% as of 31 December 2025). Exposure to departments increased from 13.4% as of 31 December 2025 to 14.1% as of 30 June 2026, while exposure to regions declined from 8.3% as of 31 December 2025 to 7.3% as of 30 June 2026. Lastly, exposure to Public Territorial Establishments (EPT) and unions ended at 3.0% and 5.1% on 30 June 2026, vs. 3.2% and 4.9% respectively on 31 December 2025.



Among the other notable characteristics of the loan portfolio, the average residual maturity of outstanding loans remained relatively stable at 15.5 years as of 30 June 2026, (vs. 15.8 years a year earlier).

4.2. Liquidity reserve

Other balance sheet assets mainly include the liquidity reserve that corresponds to the portion of the resources not yet distributed in the form of loans and retained to support the liquidity of the lending institution, in accordance with the regulatory obligations, AFL's liquidity policy guidelines and good management practices.

AFL's liquidity reserve serves the principal purpose of meeting the institution's cash flow requirements, which are generated by lending activities, debt servicing, and also margin calls that AFL may have to make as a result of its extensive use of hedging instruments to manage interest rate and foreign exchange risks, in accordance with its financial policies and management objectives. This liquidity is invested with the primary objective of being readily available under all circumstances.

As of 30 June 2026, the assets comprising the liquidity reserve totalled €2.407B, vs. €2.160B as of 31 December 2025, representing more than 12 months of cash flow requirements.

The liquidity reserve is divided into two main segments:

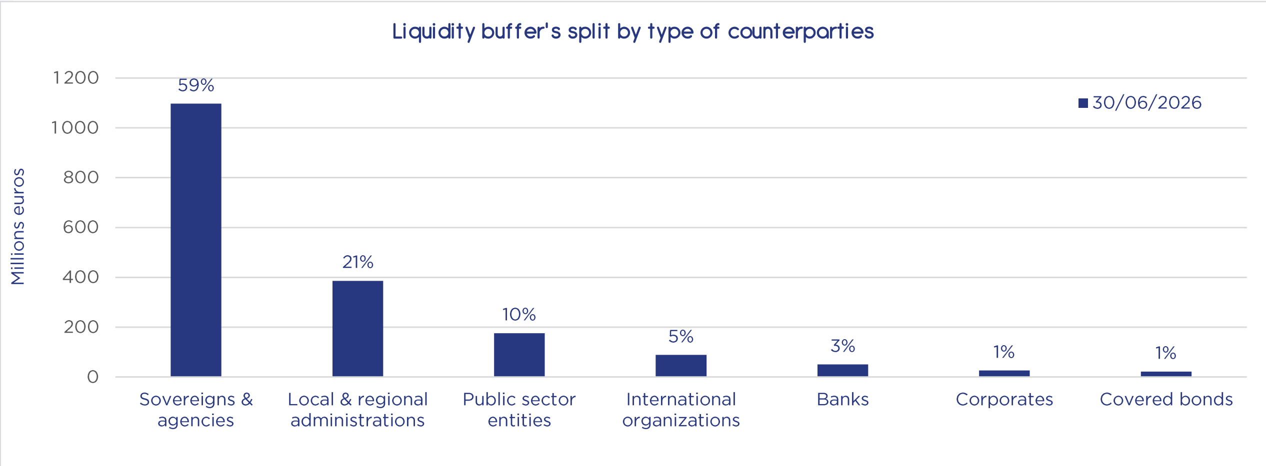
- A segment invested in very short-term instruments, mainly consisting of deposits on *nostro* accounts with Banque de France amounting to €913m; and
- A segment mainly but not exclusively consisting of securities benefiting from the HQLA label[9], due to their rating quality and high liquidity, amounting to €1.493B.

Due to its liquidity reserve investments, AFL bears a credit risk on the issuers of assets that it acquires or on the exposures that it takes. This credit risk is nevertheless limited in view of the quality of the counterparties, which all enjoy excellent rating levels from the major rating agencies. However, a substantial portion of the reserve is now rated A+, mainly comprising exposures to France, which were previously rated AA- before France's credit rating was downgraded in 2025. As of 30 June 2026, 77% of the liquidity reserve consisted of "HQLA" assets, compared with 82%

[9] High Quality Liquid Assets.

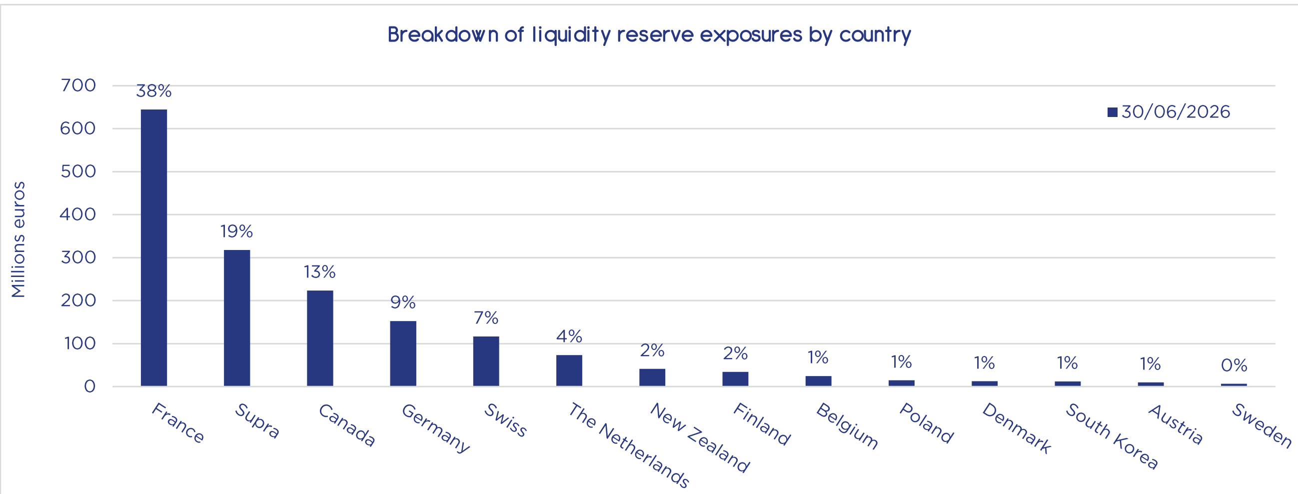
as of 31 December 2025, which were mainly deposits with the Banque de France and securities issued by sovereign issuers and public agencies, as shown in the graph below. The remaining exposures mainly accounted for *nostro* accounts as well as some securities exposures to the banking sector. The securities acquired as part of the liquidity reserve include securities issued or guaranteed by the French State, or States of the European Economic Area or third countries with very high credit ratings, or supranational institutions with high ratings, as well as securities issued by financial institutions, some of which are guaranteed by European States.

The following graphs show the breakdown of the exposures for the liquidity reserve by type of counterparty, country, rating and risk class as of 30 June 2026.

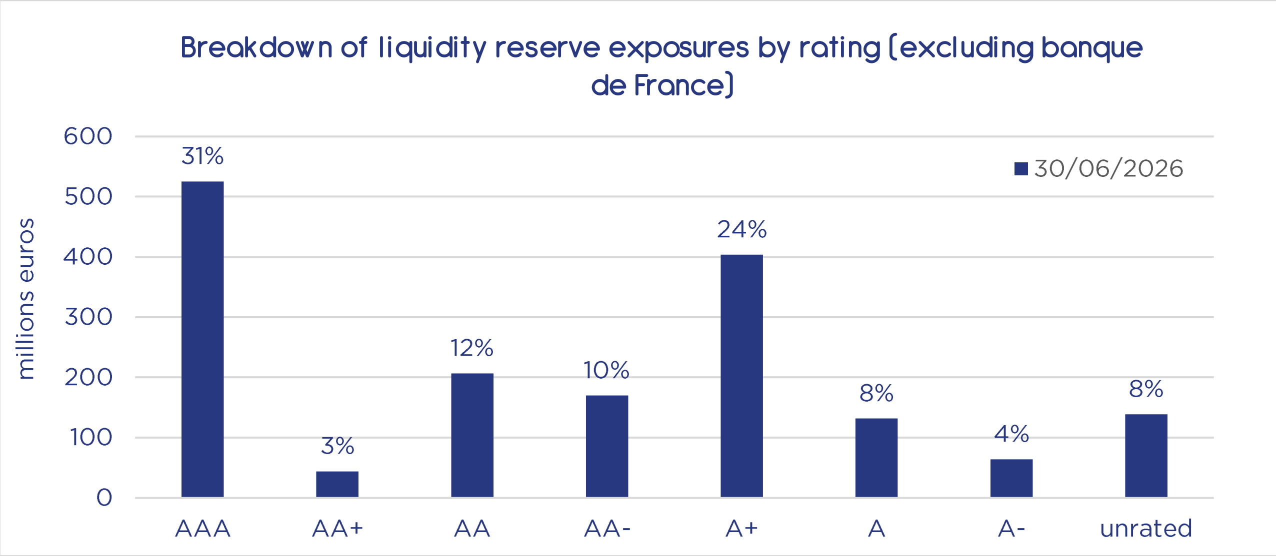


As shown in the graph below, assets held in the liquidity reserves are geographically diversified, though with a significant proportion of French counterparties. The broad geographical diversification of the assets comprising the liquidity reserve provides a high degree of resilience to capital market volatility.

In the graph below, France's share includes term deposits and *nostrii* accounts but excludes deposits with the Banque de France, given their significant weighting in the liquidity reserve. The latter accounted for €721m as of 30 June 2026 for a total liquidity reserve of €2.407B.



The ratings of exposures carried by AFL in its liquidity reserve are very high. 56% of exposures were rated AA- or higher (excluding Banque de France deposits, which amounted to €721m on 30 June 2026). The significant share of A+-rated exposures mainly reflects exposures to France, previously rated AA- before the downgrade in 2025. Unrated assets correspond to low-risk exposures to the public sector and to term deposits with the banking sector.



4.3. Margin calls and hedging swap valuations

Excluding loans to local governments and liquidity reserve assets, the balance of financial assets on AFL's balance sheet consists of the positive fair value of interest rate and cross-currency swaps, together with the associated margin calls.

AFL clears almost all of its interest rate swaps through the clearing houses LCH S.A. and Eurex Clearing and executes its foreign exchange swaps and a limited number of interest rate swaps with bank counterparties.

As of 30 June 2026, margin calls paid by AFL totalled €67.3m, vs. €66.4m on 31 December 2025. Primarily, they comprise cross-currency swaps executed by AFL to hedge its currency exposures and reflect an appreciation of these hedging instruments. As of 30 June 2026, no margin calls had been paid in connection with interest rate swaps cleared through the two clearing houses, LCH S.A. and Eurex Clearing. However, in connection with transactions cleared through clearing houses, AFL posts collateral (IMR or Initial Margin Requirement) in the form of debt securities, amounting to €74m on 30 June 2026, vs. €69m on 31 December 2025.

As of 30 June 2026, the fair value of AFL's hedging swaps broke down as follows:

	2026-06-30	
In thousands of euros	Notional	Market value
Interest rate swaps	19 940 551	154 907
Cross currency swaps	1 857 777	-9 843
Total	21 798 328	145 064

4.4. Securitisation

AFL has no exposure to securitisation.

5. LIABILITIES AS AT 30 JUNE 2026 (IFRS)

The AFL's liabilities mainly consist of debts incurred in connection with the bond issues carried out since AFL began its activities and which are yet to mature.

AFL's equity is the result of regular capital increases following the arrival of new members in AFL-ST.

During the first half of 2026, a capital increase enabled 29 new local governments to join AFL-ST. As of 30 June 2026, AFL-ST's subscribed capital amounted to €295,520,900, compared with €285,407,800 as of 31 December 2025.

The capital increase at AFL-ST resulting from new memberships was also followed by an increase in AFL's capital.

After booking retained earnings, AFL's equity totalled €340.4m as of 30 June 2026, vs. €325.8m as of 31 December 2025.

Extracts from the main liability items (IFRS)

In thousands of euros	Jun-26	Dec-25
Debt securities issue	11 658 698	11 225 502
Margin calls	212 179	256 397
Hedging derivative instruments	508 890	475 227
Equity	340 387	325 795

5.1. AFL financial debt

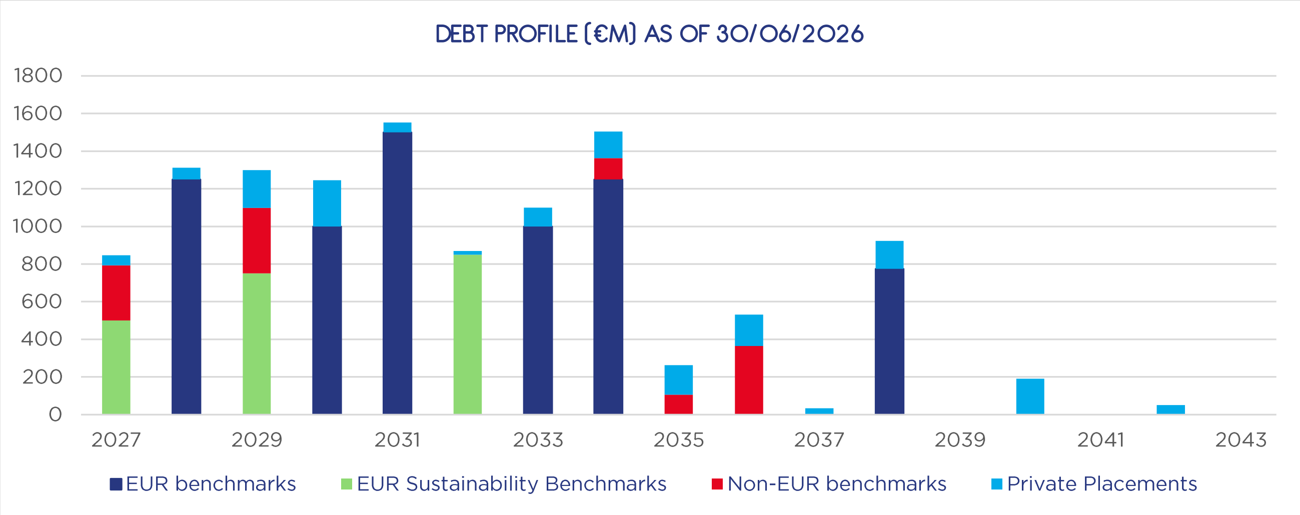
In addition to equity capital, AFL's liabilities mainly comprise bonds issued since the start of AFL's banking activities that have not yet matured. Liabilities may also include debt securities issued under the AFL's ECP programme.

As of 30 June 2026, outstanding debt, which was booked at amortised cost, totalled €11.659B, vs. €11.226B on 31 December 2025, after factoring in the impact of interest rate changes since the issue date of these debt instruments, owing to hedge accounting. This change is attributable, on the one hand, to new debt issues totalling €1.0B over the period and, on the other, to the repayment of debt during the first half of the year, for a total nominal amount of €775m, including the €675m bond that matured on 20 June 2026.

As of 30 June 2026, the outstanding medium- and long-term debt had an average maturity of 5.7 years.

In addition to medium- and long-term debt instruments, there were short-term debt securities denominated in euros with an average outstanding amount of €418m for the half-year period.

The maturity profile of AFL's bond debt is presented in the chart below:



5.2. Deeply subordinated debt securities

In December 2024, AFL issued deeply subordinated debt securities intending to be recognised as additional tier 1 equity capital (AT1), for a nominal amount of €50m, with the aim of enabling the Group to implement its business plan while strengthening its capital base.

Effective 31 December 2025, the AFL notified the ACPR that it revokes the derogation from introducing prudential requirements on an individual basis, as stipulated in (EU) Regulation No. 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and amending (EU) Regulation No. 648/2012, as amended (CRR) and therefore no longer benefit from Article 7(1) of the CRR (Derogation). Until that date, AFL was subject to consolidated prudential supervision, exclusively at its AFL-ST parent company level. On 4 December 2025, the ACPR informed AFL of its acknowledgement to revoke the Derogation, effective 31 December 2025.

Consequently, the aforementioned deeply subordinated debt securities, issued by AFL on 17 December 2024, are now eligible for regulatory recognition as Additional Tier 1 Capital (AT1) within the meaning of Article 51 of the CRR, at both AFL and AFL Group levels, as from the date on which the Exemption expired, namely 31 December 2025, since the CRR makes the recognition of AT1 debt by the ACPR conditional on direct supervision by the ACPR.

To this end, AFL now publishes its capital ratios both at AFL and AFL Group levels.

5.3. Other liabilities

Margin calls received by the AFL in respect of interest rate hedge and cross-currency swaps amounted to €212.2m on 30 June 2026, vs. €256.4m on 31 December 2025. These amounts result from margin calls received as of 30 June 2026 in connection with euro-denominated interest rate swaps, most of which are cleared through the clearing houses LCH S.A. and Eurex Clearing, and cross-currency swaps used to hedge debt and securities denominated in foreign currencies.

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

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

Within each of the risk categories mentioned below, the risk factors that AFL considers to be the most significant are identified in a manner consistent with the AFL's assessment, as of the date of this report, of the likelihood of them occurring and the estimated magnitude of their adverse impact.

The figures presented provide information on the extent of AFL's exposure but are not necessarily representative of future risk trends.

6.1. Strategic risks

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

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

Over recent months, rising tensions in the Middle East, particularly the wars in Iran and southern Lebanon, have created new sources of instability for the global economy. These conflicts have led to a sharp rise in oil and gas prices, with a rapid impact on growth, inflation and financial stability.

More specifically, at the global level, the main factor driving the increase in oil and gas prices is the disruption to shipping through the Strait of Hormuz, through which a significant proportion of the world's hydrocarbon production passes.

As at the date of this Report, international institutions expect global growth to slow and inflation to remain persistently high. In Europe, energy dependence makes the shock more pronounced. The rise in gas and electricity prices could quickly weigh on both industry, through rapid increases in producer prices, and household purchasing power. At present, financial markets remain resilient, but volatility is increasing, and central banks will have to navigate a more complex trade-off between supporting economic activity and containing inflation.

Trade tensions between the United States and a number of countries, together with the conflicts in Ukraine and the Middle East, reflect an increasingly fragmented and less predictable international environment. Any change in the situation could destabilise Europe, AFL's main area of activity, and generate volatility in the international financial markets where AFL seeks funding or invests its cash.

In France, the fiscal situation remains a focus of attention for investors and rating agencies. Furthermore, the upcoming French presidential election scheduled for 2027 could represent an additional source of uncertainty for investors. As the election draws closer, debates surrounding the direction of the country's economic and fiscal policy could fuel volatility in financial markets and shape perceptions of French sovereign risk. The risk premium differential with German bonds, which are considered safer, has widened in recent years. In this context, and in the absence of a credible outlook for adopting structural fiscal reform, the risk premiums on the debts of the French State, the public sector and the AFL could continue to rise or remain high, weighing on AFL's profitability if it were not able to pass it on to its borrowers or if it could only be passed on with a delay.

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

Against a backdrop of depleting national public finances, local governments are called upon to contribute to the budgetary recovery drive. In 2026, the fiscal effort falls primarily on groupings with a separate tax status (GFP) and the regions. Moreover, the lack of a clearly defined multi-year budget trajectory reduces financial visibility for local governments and could weaken some of them. While this potentially worse position remains structurally governed by the "golden rule", requiring local governments to finance debt repayments with their savings, it could nevertheless trigger an increase in impairments for AFL – or even, under extreme circumstances – a Member defaulting on its commitments to the AFL or under the Member Guarantee (see risk factor "*The AFL is exposed to the credit risk of its borrowers and counterparties*").

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

6.1.2. The competitive environment could hinder AFL's activities and it may not stimulate the expected interest among local governments. AFL conducts its activities exclusively for the benefit of its Member Local Governments. As such, it does not have an outlook for diversification.

Existing and/or growing competition in the local public sector financing market, notably resulting from players such as Caisse des Dépôts through the Banque des Territoires and the LBP-SFIL-CAFFIL group, the EIB, Société Générale, the BPCE group and the Crédit Agricole group, as well as the ability of the largest local governments to access the bond markets directly, could lead: (i) to significant reductions in AFL's profit margins; and (ii) to very limited new lending by AFL, with a negative impact on AFL's net banking income.

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

A lack of interest from local governments could delay AFL's acquisition of the equity capital necessary for developing its business activities and, in the absence of sufficient initial capital contribution (ICC) payments, slow down the growth of loan production or even compromise its long-term future, it being specified that in December 2024, AFL issued subordinated debt securities with an indefinite maturity and a nominal value of €50m, to be recognised as additional tier 1 (AT1) capital for AFL and the AFL Group, effective 31 December, 2025.

Pursuant to Article L. 1611-3-2 of the of the French General Code of Local Governments (CGCT), AFL carries out its activities for the exclusive benefit of its Member Local Governments; consequently, it has no prospects for diversification. Although the number of Member Local Governments of the Agence France Locale (AFL) Group has grown consistently, if the market for funding local governments loses its appeal, AFL may not be able to develop an alternative activity, which could call into question its continuity.

6.1.3. AFL is supervised by the *Autorité de contrôle prudentiel et de résolution* (ACPR – France's financial supervisory authority) and subject to an ever-changing regulatory framework which could adversely affect its financial position.

AFL has been authorised by the *Autorité de contrôle prudentiel et de résolution* (**ACPR**) since 12 January 2015 as a specialised lending institution. This authorisation is indispensable for the exercise of AFL's activity. This authorisation subjects AFL to a certain number of regulatory requirements, including the obligation to comply with specific textual provisions and prudential ratios.
Changes in the regulatory framework may disrupt the forecasts made by AFL as part of its business plan, strengthen some of its obligations and therefore negatively impact its earnings.
Directive 2014/59/EU of 15 May 2014, as amended (**RRD**), and Regulation No. 806/2014 of 15 July 2014, as amended by (EU) Regulation 2019/877 of 20 May 2019 on the single resolution mechanism (**SRM**), establish a framework for the recovery and resolution of lending institutions and investment firms that aims to enable a wide range of actions which may be taken by the competent regulatory authorities in connection with lending institutions and investment firms that are considered to be at risk of default. The objective of the RRD is to provide the resolution authorities, including the ACPR in France, with common and effective tools and powers for tackling banking crises in advance, preserving financial stability and minimising the exposure of taxpayers to losses.
The SRM regulations provide for the application of several resolution tools that can be implemented: (a) in the event of an actual or foreseeable default of AFL or the Group; (b) if there is no reasonable prospect that a measure other than private action or supervisory action will prevent the failure; and (c) a resolution measure is necessary in the public interest.
Article 22 of the SRM regulations lists the following resolution mechanisms:

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

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

- the need for the resolution measures taken to meet the resolution objectives in full;

- the need, where applicable, for the credit institution to have a sufficient amount of eligible liabilities to ensure that losses can be absorbed and that the core capital requirement of the credit institution subject to resolution proceedings can be raised to the necessary level, so that it can continue to meet the conditions for its authorisation and carry out the activities for which it has been authorised, and to ensure that market confidence in that credit institution remains sufficient;
- the size, business model, funding model and risk profile of the credit institution;
- the negative effects on financial stability of the failure of the credit institution in question, in particular due to the contagion effect resulting from its interconnectedness with other institutions or with the rest of the financial system.

The AFL publishes its capital ratios at AFL Group level and also at the AFL level since 31 December 2025.

At its meeting on 24 October 2024, ACPR's Supervisory Council reviewed the prudential requirements of the AFL Group. Following this annual review, the ACPR Council decided not to renew the capital requirement and recommendation (Pillar 2) which applied until that specific point, effective 1 January 2025 and onwards.

As of 30 June 2026, AFL's total prudential capital requirement was 11.47%:
- the minimum requirement was 8%.
- An additional equity capital requirement, known as Pillar 2, was 0%.
- A capital conservation buffer (CCoB) requirement was set at 2.5%; and
- A countercyclical capital buffer (CCyB) requirement for French exposures was 0.97%.

Since 2 January 2024, the French High Council for Financial Stability (HCSF) set the countercyclical capital buffer level for French exposures at 1%. Once applied to the AFL's exposures, this buffer generated an additional capital requirement of 0.97%, as of 30 June 2026.

With a "Tier 1" solvency ratio of 63.6% and a "CET1" solvency ratio of 54.2% on 30 June 2026, AFL exceeded the applicable prudential requirements.

Notably owing to its risk profile and activity, the liquidation strategy was selected as a solution for the Agence France Locale (AFL) Group, with the MREL (Minimum Requirement for own funds and Eligible Liabilities) set at the loss-absorbing amount, calculated as the sum of the capital requirements. As of 30 June 2026, the AFL's MREL was €41.8m while the AFL's "Tier 1" prudential capital amounted to €332.5m.

The powers granted to the resolution authorities, or non-compliance by AFL with the minimum capital requirements and eligible liabilities, could have an influence on its management, as well as on its financial position and its business plan.

Failure to comply with regulatory requirements could also require AFL to implement one or more reinstatement measures or even lead to the revocation of AFL's authorisation and jeopardise the sustainability of its existence.

6.2. Financial risks

6.2.1. AFL is exposed to three types of liquidity risk

- Liquidity price risk:

This refers to the risk of a deterioration in the refinancing conditions of certain assets, which could generate a loss in net banking income given the mismatch between the maturity of the refinanced assets and the maturity of the liabilities.

Due to the almost total interest rate hedging of AFL's balance sheet, this mismatch results in exposure to the risk of unfavourable changes in credit spreads. When applied to a fixed-rate balance sheet, transformation risk, which is manifested through replacement and refinancing risks, is primarily an interest rate risk but, when applied to a balance sheet that is almost entirely variable, such as that of AFL post-hedging (with interest rate risk almost entirely hedged), transformation risk almost entirely represents a spread and liquidity risk resulting from the hedges implemented to cover interest rate risk. While the variability of almost all items on AFL's balance sheet based on a 3-month Euribor (Euro Interbank Offered Rate) reference rate makes it possible to neutralise almost the entire interest rate component of the replacement and refinancing risks exposing AFL, this strategy does not neutralise the spread component affecting the Group.

A more depressed macroeconomic environment (see risk factor "*The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL's financial position and earnings*") or a lack of interest expressed in AFL's by local governments (see risk factor "*The competitive environment could hinder AFL's activities. It may not stimulate the level of interest expected from Local Governments. AFL carries out its activities exclusively for the benefit of its Member local governments, subsequently with zero outlook for diversification*"), or an operating loss could also downgrade AFL's rating or increase its refinancing costs, which would have affected its financial position, which would be weakened depending on its ability to pass this on to its borrowers.

As of 30 June 2026, the average maturity gap between AFL assets and liabilities (ALG) was 1.14 years, while the AFL Net Stable Funding Ratio (NSFR) was 165%.

- Financing risk:

Refers to the risk that AFL will be unable to raise the liquidity it needs to meet its commitments and the financing requirements associated with its development.

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

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

As of 30 June 2026, AFL had a liquidity reserve of €2.4B—corresponding to a Net Cash Requirement Ratio (NCRR) level of 161%—which represents AFL's ability to conduct its activities without raising funds on the markets for a 12-month period. AFL's 30-Day Regulatory Liquidity Ratio was 250% on 30 June 2026.

AFL has access to the ECMS ("Eurosystem Collateral Management System"), which has replaced TRiCP (TRaitement informatique des Créances Privées – [IT processing of private receivables]) since 16 June 2025. Managed by the European Central Bank (ECB), this refinancing mechanism grants the AFL access to a central bank credit line, accessible at any time by using medium- to long-term loans provided as collateral. If AFL were nevertheless to experience, for example, an unexpected outflow of cash or assets pledged as collateral (e.g., assets pledged as part of its interest rate or foreign exchange derivative transactions) and/or if it could not access the debt market on terms judged as acceptable for an extended period, its financial position could be adversely affected.

- Illiquidity risk:

The risk of a disruption in short-term cash flow, notably if AFL is unable to sell a given asset in a market without suffering a loss.

As of 30 June 2026, for the portfolio of financial assets at fair value through equity alone, the net balance sheet value totalled €935m and the impact of gains and losses booked directly as equity amounted to €1.2m, net of deferred tax.

6.2.2. Changes in interest rates and exchange rates are likely to impact AFL's financial position adversely.

- Interest rate risk:

Interest rate risk includes the risk that AFL will suffer losses due to unfavourable changes in interest rates due to its balance sheet and off-balance sheet transactions, and notably in the event of a mismatch between the interest rates generated by its assets and those arising from its liabilities.

In order to protect itself from interest rate risk, AFL concludes hedging contracts. AFL's interest rate risk hedging policy consists of quasi-systematic micro-hedging or macro-hedging of AFL's debts, loans granted by AFL and securities held in the liquidity reserve to convert them into variable-rate instruments indexed to the 3-month Euribor benchmark, or debts issued by AFL to convert them into variable-rate instruments indexed to the €STR benchmark, using interest rate swaps. The hedging in place protects the AFL against a uniform rise in the yield curve and the basis risk related to the indexation of its balance sheet components against €STR; It generates liquidity risk – depending on interest rate changes – as a result of margin calls as well as a credit risk on the banks countering the swaps or the clearing houses LCH S.A. and Eurex Clearing. Lastly, It does not hedge the risk of adverse movements in credit spreads arising from the fact that the credit spread of AFL's asset exposures does not move in line with the AFL spread (see risk factor "*The AFL is exposed to three types of liquidity risk*").

As of 30 June 2026, the interest rate hedging strategy resulted in outstanding notional swaps of €19.9B. Margin calls received net of margin calls paid by way of interest rate derivatives amounted to €158.5m.

As of 30 June 2026, the decline in the net present value (NPV) of AFL's equity stood at -5.4%, assuming an upward shift of more than 200 basis points in the yield curve, considerably below the regulatory limit of 15%.

EVE Sensitivity	30/06/2026	31/12/2025	31/12/2024	Limit
Parallel shock up + 100 bps	-2,8%	-2,9%	-3,6%	±15%
Parallel shock down - 100 bps	3,1%	3,2%	3,9%	±15%
Parallel shock down - 100 bps (floor)	3,1%	3,2%	3,9%	±15%
Parallel shock up + 200 bps	-5,4%	-5,5%	-7,0%	±15%
Parallel shock down - 200 bps	6,5%	6,7%	9,3%	±15%
Parallel shock down - 200 bps (floor)	6,5%	6,7%	9,3%	±15%

AFL has implemented the scenarios for calculating the sensitivity of the net present value (NPV) of its equity to assumptions of non-linear changes in the yield curve (IRRBB). The table below shows NPV sensitivity to the various scenarios as of 30 June 2026.

EVE Sensitivity	30/06/2026	31/12/2025	31/12/2024	Limit
Parallel shock up + 200 bps	-5,4%	-5,5%	-7,0%	±15%
Parallel shock down - 200 bps	6,5%	6,7%	9,3%	±15%
Short rates shock up	-0,6%	-0,4%	-1,1%	±15%
Short rates shock down	0,7%	1,2%	1,6%	±15%
Steepener shock	-2,0%	-2,2%	-2,2%	±15%
Flattener shock	1,1%	1,4%	1,1%	±15%

As stated in the table below, as of 30 June 2026, for parallel shocks of between -200 bps and +200 bps, the sensitivity of AFL's net interest margin was below the 5% equity limit:

NII sensibility (As % of prudential own funds)	30/06/2026	31/12/2025	31/12/2024
Parallel shock up + 100 bps	0,3%	0,5%	-0,1%
Parallel shock down - 100 bps	-0,3%	-0,5%	0,1%
Parallel shock up + 200 bps	0,6%	0,9%	-0,2%
Parallel shock down - 200 bps	-0,6%	-0,9%	0,3%

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

Lastly, an exposure remains to interest rate movements, which may notably result from the use of part of AFL's capital in loans granted to local governments that are not interest rate hedged, certain short-term positions that are not interest rate hedged, and a difference in indexation between, in particular, a portion of the AFL's deposits with the Banque de France remunerated on a daily basis and the AFL's liabilities, or a difference in the fixing dates of interest rate indices among the items on the balance sheet.

Consequently, changes in rates or spreads could have a negative impact on the AFL's net present value or on its future results.

- Foreign exchange risk:

Foreign exchange risk includes the risk that AFL may incur losses on borrowed or loaned assets in currencies other than the euro.

As a protection against foreign exchange risk, AFL entered into hedging contracts. AFL's policy is to hedge this risk systematically through the implementation of micro-hedging currency swaps. As a result, assets and liabilities denominated in currencies other than the euro are systematically hedged against the euro as soon they are recorded in the balance sheet and until their final maturity.

As of 30 June 2026, the outstanding notional amount on currency swaps was €1.9B. The hedges implemented generate a liquidity risk, as margin calls are sensitive to the forex market, as well as a credit risk on the swap counterparty banks. Margin calls paid, net of margin calls received, by way of these hedging instruments amounted to €13.5m on 30 June 2026.

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

- Borrowers' credit risk:

Pursuant to Article L. 1611-3-2 of the CGCT, the AFL carries out its activities for the exclusive benefit of Member Local Governments, shareholders of AFL-ST, the AFL's parent company, and guarantors of financial securities, including debt securities issued by the AFL up to the amount of their respective medium- to long-term loans ("**Member Local Governments**").

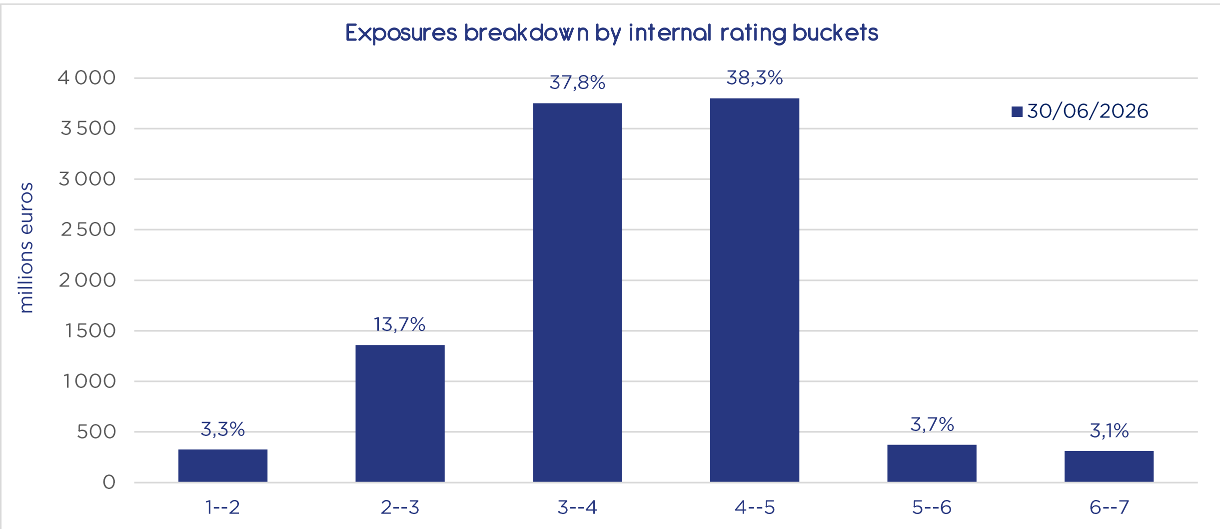
As of 30 June 2026, the AFL's total outstanding medium-long-term loans to local governments totalled €9.877B.

In accordance with the law, Member Local Governments are local and regional governments, groupings of such governments and other local public entities in France.

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

As of 30 June 2026, 17% of this portfolio was exposed to Member Local Governments with ratings between 1 and 2.99. The five largest exposures account for 13.7% of the portfolio. The largest exposure represented 2.9% of the portfolio, while the fifth largest was 2.6%. As of 30 June 2026, the average rating of loans made by AFL to its Members, weighted by outstanding loans, was 3.79 (vs. an average rating of 3.75 on 31/12/2025) on a scale of 1 to 7 (1 is the best rating and 7 the worst).

The following graph shows the breakdown by rating of AFL's loan portfolio to Member Local Governments on 30 June 2026:



Current and future Member Local Governments have a very limited risk profile due to the institutional rules governing their operations, which are similar between different categories. As a result, the loans granted by AFL benefit from this same profile. Nevertheless, a default by a Member on its obligations to AFL or on its obligations under the Member Guarantee cannot be ruled out. This risk is higher in a context where the local governments would be asked to restore public financial statements, which could occur due to a reduction in the resources loaned to them by the French State (see also the risk factor "*The economic, financial and political conditions in markets where AFL operates or raises capital may materially impact AFL's financial position and earnings*").

As of 30 June 2026, AFL had four bad debts for a total outstanding amount of €192,393.

Breakdown according to IFRS 9 Stages	30/06/2026 Agence France Locale - SO Consolidated - IFRS				31/12/2025 Agence France Locale - SO Consolidated - IFRS			
	Gross exposures (€)		Provisions (€)		Gross exposures (€)		Provisions (€)	
Stage 1	12 187 642 379	98,76%	1 605 491	92,62%	11 836 964 497	98,8%	1 371 742	91,5%
Stage 2	153 127 392	1,24%	127 942	7,38%	138 737 681	1,2%	127 219	8,5%
Stage 3	192 393	0,00%	2	0,00%	191 257	0,0%	2	0,0%
Total	12 340 962 163	100%	1 733 435	100%	11 975 893 436	100%	1 498 964	100%

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

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

- The credit risk of its counterparties:

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

As of 30 June 2026, AFL's exposure ratings were of very high quality, with 56% of exposures from securities in the liquidity reserve having ratings equal to or above AA- (excluding Banque de France deposits amounting to €721m on 30 June 2026). The average risk weighting in this portfolio was 8.2%.

In addition, AFL clears almost all of its interest rate derivatives through clearing houses and its exchange rate derivatives bilaterally. AFL is not in a position to guarantee that its counterparties, whether clearing houses or banking institutions, will be able to meet their obligations under the hedging contracts it has entered into, and a default on their part could affect AFL's financial position.

6.3. Non-financial risks

6.3.1. AFL is exposed to human capital risks

Because of its operating model, the AFL was supported by a restricted headcount (45.7 full-time employees (FTEs)) on 30 June 2026), so as to oversee its activities. The loss of one or more individuals essential to its business, whether through poaching or temporary or permanent unavailability (accident, illness) is therefore likely to be a risk to its operational and organisational abilities, or cause a loss of skills, which may have a significant impact on business continuity and future results.

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

The AFL Group's capital requirements for operational risks amounted to €3.7m at 30 June, 2026.

Communication and information systems play a pivotal role in AFL's activities and operations, owing to its expertise as a specialised credit institution. AFL has largely chosen to outsource these elements. Any breakdown, malfunction, interruption or breach of its systems or those of its external service providers (including cyber risk), or those of other market participants (such as clearing houses, intermediaries and financial services providers), even if brief and temporary, could lead to significant disruptions in AFL's activity.

Such incidents could have a material impact on AFL's ability to carry out its activities and would be likely to lead to significant direct or indirect operating losses and damage AFL's reputation.

During the past financial year, no significant operating loss occurred.
These risks are higher in the context of an upsurge in cyberattacks observed across the board by banking institutions.

6.3.3. Failure by AFL to comply with applicable regulations could lead to losses.

As a lending institution, AFL must comply with multiple laws and regulations – notably those applicable to credit institutions and issuers of listed securities, data confidentiality rules, European and US laws and regulations on money laundering, corruption and sanctions. In this regard, AFL is exposed to the risk of legal, administrative or disciplinary penalties if it does not comply with these various regulations. The control and compliance framework that AFL has implemented cannot fully guarantee that such a risk will not materialise. In addition, AFL does not control the use made by Members of the loans granted to them, and could thus indirectly, as a result of activities carried out by the Members, be in non-compliance with certain regulations applicable to it. The occurrence of such a risk could result in a write-off or damage AFL's reputation, or even the withdrawal of its authorisation as a specialised credit institution or its authorisation to issue listed securities, thus making it impossible for AFL to carry on its activity.

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

At the end of the first half of the financial year on 30 June 2026, AFL was not subject to any litigation with one of its counterparties. Nevertheless, litigation that may arise over the course of its activities cannot be ruled out, particularly with a Member Local Government, which would tarnish AFL's reputation and cause an impairment loss for the Group.

6.4. Risks due to climate change

French local governments have varying degrees of exposure to climate-related events. The expected increase in the frequency and severity of events linked to the effects of climate change (extreme meteorological events such as floods, droughts, heat waves or chronic changes such as the retreat of the coastline) may have a significant impact on local governments, particularly certain overseas, mountainous and coastal local governments. The damage caused by these events, the need to adapt infrastructure, to mitigate the impacts of expected environmental changes and the impacts of climate and transition issues on populations can have a negative impact on local government budgets through increased capital and operating expenditure and even a decline in revenue, potentially to varying degrees depending on the size of the local government; these may also increase their financing needs.

In this context and given the increasing vulnerability of certain territories and the public and private infrastructures they host, the materialisation of such risks could result in a loss of value for the AFL, which is exposed to credit risk through local governments (see also risk factor C. *"The AFL is exposed to the credit risk of its borrowers and counterparties").* Leveraging public data from the French Ministry of Ecological Transition, INSEE (France's National Institute of Statistics and Economic Studies) and the Météo France government agency, AFL also developed a Climate Vulnerability Index. This metric is designed to assess the vulnerability of French local governments to climate events and to integrate climate risks into its credit risk analysis. As of this report's issue date, the Climate Vulnerability Indicator has highlighted the fact that most French local governments are either not – or hardly – impacted by climate-related events.

7. PRUDENTIAL RATIOS AND EQUITY

7.1. Changes in capital

Since 31 December 2025, and as described in section 5.2 above, AFL's prudential requirements have been monitored at both the AFL sub-consolidated and consolidated AFL Group levels with regard to own funds requirements under the CRR.

As of 30 June 2026, AFL's prudential own funds totalled €332.5m, vs. €310.8m on 31 December 2025, representing an increase of nearly 7%. This increase is related to the release of new capital contributions by local governments €10.1m for the half-year period and incorporation of 2025 financial year profit, as capitalised in March 2026 for €10.3m. These figures include €49.44m in AT1.

AFL's CET1 capital totalled €283m as of 30 June 2026, compared with €261m as of 31 December 2025.

7.2. Capital requirement expressed as leverage ratio

As of 30 June 2026, the banking leverage ratio was 2.71%, vs. 2.59% on 31 December 2025, above the AFL's 2.25% risk appetite threshold.

The CRR provides a separate definition of the leverage ratio for public development credit institutions allowing them to exclude certain assets, such as receivables from regional or local administrations, from the ratio denominator, with a minimum regulatory requirement set at 3%.

On 11 March 2021, AFL was recognised by the ACPR as a public development credit institution. The leverage ratio for Agence France Locale Group's "Public Credit and Development Institutions" came out to 12.67% on 30 June 2026, significantly above the requirement of 3%.

7.3. Capital requirement expressed as a solvency ratio

The standard method of prudential weighting of credit exposures changed in 2024. The Supervisory Council of the ACPR adopted a resolution on 21 June 2024 allowing the municipalities, departments, regions and municipality groupings (EPCI) to be incorporated into the French central government, with a separate tax status. As a result, AFL's exposures to these local governments may be subject to a risk weighting of 0%.

At its meeting on 24 October 2024, the ACPR's Supervisory Council reviewed the prudential requirements of AFL. Following this annual review, it was concluded that applying an additional Pillar 2 capital requirement (P2R) is no longer appropriate given AFL's current situation. The ACPR

Council also decided not to renew the capital requirement and recommendation which applied until that specific point, effective 1 January 2025 and onwards. It has not been amended since.

AFL must therefore hold sufficient capital to meet a total Pillar 1 own funds requirement of 8%. In addition, the AFL Group is essentially required to hold Common Equity Tier One (CET1) capital to guarantee compliance with the 2.5% capital conservation buffer requirement. Furthermore, it should be recalled that, since 2 January 2024, the High Council for Financial Stability has decided to set the level of the countercyclical capital buffer applicable to French exposures at 1%.

With a Tier 1 solvency ratio of 63.6% as of 30 June 2026, vs. 68.7% as of 31 December 2025, and a CET1 solvency ratio of 54.2% as of 30 June 2026, compared with 57.8% as of 31 December 2025, AFL exceeds the applicable prudential requirements.

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

On 17 December 2020, the ACPR Resolution Council determined the AFL Group's Minimum Requirement for own funds and Eligible Liabilities (MREL). Due in particular to its risk profile and its activity, the liquidation strategy was chosen as the resolution strategy for the Group, with the MREL requirement thus limited to the amount of loss absorption, calculated as the sum of capital requirements seen in the paragraph 6.1.3 above.

8. OUTLOOK AND EVENTS SINCE 30 JUNE 2026

8.1.1. Financial market activities during the second half of 2026

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 €500m. The transaction was completed at a spread of 16 basis points (bps) over OATs.
To date, AFL has raised a total of €1.501B in principal on the bond markets since the beginning of 2026, at an average spread of 15 bps over OATs.
Furthermore, AFL continued to issue debt securities under its ECP programme in order to optimise its cash management.

8.1.2. Loan production since 30 June, 2026

As of 31 August 2026, AFL's medium- and long-term loan production reached €640m.

8.1.3. Capital increase

A new capital increase was authorised by the AFL-ST Board of Directors on 22 September 2026 to allow new local governments to join and become members, bringing the number of capital increases carried out by AFL-ST since its creation to 48. Meanwhile, AFL's Executive Board completed a capital increase at AFL level.

8.1.4. Proposed agreement to purchase a French covered bond vehicle

On 1 April 2026, AFL announced 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 French State'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 the French State'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 shareholder local governments.

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).

Transaction framework

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. The accounting implications of this transaction will be determined on the effective date of the acquisition.

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 shareholder local governments with secure, transparent and competitive financing, based on broad investor diversification and making use of all available tools.

"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 Executive Board.

9. CERTIFICATION OF THE HALF-YEAR REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

I, the undersigned, Yves Millardet, acting as Chairman of the Executive Board of Agence France Locale, certify that, to my knowledge, the financial statements for the six-month period have been prepared in accordance with the applicable accounting standards and are an accurate reflection of the assets, financial position, and net profit of the Company and all of the companies included in the scope of consolidation, and that the half-year activity report included in this half-year report presents a true picture of the significant events that have occurred in the first six months of the financial year and their impact on the financial statements, and describes the principal risks and uncertainties for the remaining six months of the financial year.

Lyon, 22 September 2026

Mr. Yves Millardet
Chairman of AFL's Executive Board

Half-year **financial statements**

10. HALF-YEAR FINANCIAL STATEMENTS

10.1. Half-year financial statements prepared according to French GAAP

AGENCE FRANCE LOCALE

BALANCE SHEET

Assets as of 30 of June 2026

(€ 'OOOs)	Notes	30/06/2026	31/12/2025
Cash and central banks	2	721,032	741,897
Government paper and similar securities	1	1,200,064	1,096,198
Receivables on credit institutions	2	191,949	168,747
Loans and advances to customers	4	10,083,349	9,919,985
Bonds and other fixed income securities	1	324,928	184,853
Equities and other variable income securities			
Investments in non-consolidated companies and other long-term investments			
Investments in consolidated companies	5	12,520	12,500
Intangible assets	6	4,138	3,584
Property, plant and equipment	6	215	206
Other assets	7	70,606	67,410
Accruals	7	271,990	301,495
TOTAL ASSETS		**12,880,793**	**12,496,875**

Liabilities as of 30 of June 2026

(€ 'OOOs)	Notes	30/06/2026	31/12/2025
Central banks			
Due to banks	3	0.3	2
Customer borrowings and deposits			
Debt securities	8	12,096,637	11,691,694
Other liabilities	9	229,077	268,727
Accruals	9	208,978	207,227
Provisions	10	649	139
Subordinated debt	11	51,886	50,136
General banking risk fund (GBRF)			
Equity (excluding GBRF)	**12**	**293,565**	**278,950**
Share capital		272,643	262,530
Additional paid-in capital			
Reserves and retained earnings		821	289
Revaluation differences			
Regulated provisions and investment subsidies			
Retained earnings (+/-)		15,599	5,491
Net income for the period (+/-)		4,502	10,640
TOTAL LIABILITIES		**12,880,793**	**12,496,875**

INCOME STATEMENT

(€ '000s)	Notes	30/06/2026	30/06/2025	31/12/2025
+ Interest and similar income	14	188,518	189,592	367,560
- Interest and similar expenses	14	(174,640)	(176,206)	(341,567)
+ Income from variable income securities				
+ Fee and commission income	15	282	177	527
- Fee and commission expenses	15	(98)	(97)	(202)
+/- Net gains (losses) on held for trading portfolio	16	416	(433)	1,536
+/- Net gains (losses) on placement portfolio	16	952	1,530	1,713
+ Other banking income				
- Other banking expense				
NET BANKING INCOME		**15,430**	**14,562**	**29,566**
- General operating expenses	17	(9,365)	(8,365)	(16,343)
+ Other operating income				
- Depreciation and amortization	6	(552)	(574)	(1,135)
GROSS OPERATING INCOME		**5,512**	**5,624**	**12,088**
- Cost of risk				
OPERATING INCOME		**5,512**	**5,624**	**12,088**
+/- Net gains (losses) on fixed assets				
PRE-TAX INCOME ON ORDINARY ACTIVITIES		**5,512**	**5,624**	**12,088**
+/- Net extraordinary items				
- Income tax charge		(1,010)	(682)	(1,448)
+/- Net allocation to FGBR and regulated provisions				
NET INCOME		**4,502**	**4,942**	**10,640**
Basic earnings per share		1.56	1.80	3.82

OFF-BALANCE SHEET

(€ ‘000s)

COMMITMENTS GIVEN AND RECEIVED	Notes	30/06/2026	31/12/2025
Commitments given		**838,232**	**855,438**
Financing commitments		764,733	786,414
Guarantee commitments		73,499	69,024
Commitments on securities			
Commitments received		**1,484**	**1,554**
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments		1,484	1,554
Commitments on securities			
Derivatives	13	**21,798,328**	**21,042,585**

NOTES TO THE INDIVIDUAL ACCOUNTS

I - Publication context

The half year financial statements were approved by the Executive Board on September 9, 2026.

II - Highlights from the first half year

While core business revenues continued to grow—driven by the rapid and steady increase in outstanding loans granted to member local authorities—profitability was adversely affected by one-off charges during the half-year and a slight deterioration in the cost of carrying liquidity. As a result, the first half of 2026 show a 9% decline in the net income compared to the same period in 2025.

AFL's medium- and long-term lending volume in the first half of 2026 amounted €432 million, compared to €728 million in the first half of 2025. This year-on-year change in lending volume was primarily driven by a different borrowing cycle in 2026, resulting from the municipal elections held last March. Activity regarding treasury credit lines remained robust, with €203 million in new lending during the period, compared to €182 million a year earlier.

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 the first half of 2026, AFL executed five bond market transactions totaling €1 billion—representing nearly two-thirds of its funding requirements for the year—at an average spread of 14.6 basis points above the OAT curve, compared to a spread of 15.6 basis points in 2025 and an average maturity of 8.3 years versus 7.6 years in 2025.

These 5 transactions break down as follows:

▪ A syndicated euro-denominated issue of €500 million maturing in 2033, with a spread of 18 basis points over OATs;

▪ An Australian dollar-denominated issue of AUD 600 million (equivalent to €366 million) maturing in 2036, with a spread equivalent to OATs plus 10 basis points;

▪ Two tap issues linked to existing euro-denominated bond lines via private placement, totaling €125 million; and

▪ One fixed-rate euro-denominated private placement of €10 million.

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 first half of 2026, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €10.1 million through one capital increase, bringing AFL's share capital from €262.5 million as of January 1, 2026, to €272.6 million as of June 30, 2026. The AFL Group now has 1,300 members, including 29 new local authorities, which joined the AFL Group during the first half year.

As of June 30, 2026, net banking income (NBI) generated by operations continued to grow, standing at €15,430k compared to €14,562k at the end of June 2025. This 6% increase in NBI—based on French accounting standards—is attributable to the following factors:

▪ Net interest margin increased from €13,385k at June 30, 2025, to €13,878k at June 30, 2026, driven primarily by higher interest income resulting from the growth in outstanding loans. However, the cost of carrying liquidity raised during the period dampened the growth of the net interest margin in the second quarter of 2026;

▪ An increase in net commissions, rising to €184k as of June 30, 2026, compared to €81k as of June 30, 2025;

▪ Capital gains on the disposal of investment securities arising from the management of the liquidity reserve, which fell to €257k, compared with €398k at June 30, 2025; and

▪ A significant reversal of securities impairment charges amounting to €1,105k as of June 30, 2026—compared to a reversal of only €687k as of June 30, 2025—driven by a sharp reduction in unrealized losses following the stabilization of credit spreads on securities in the investment portfolio. This situation stems notably from the improvement in spreads on our exposures, particularly to the banking sector.

In detail, the net interest margin of €13,878K comes from three elements:

▪ First, income from the loan portfolio amounted to €141.5 million after accounting for hedging effects—the same level as at June 30, 2025. This stability stems from two opposing factors: on the one hand, the continued growth of the outstanding loan balance, which generates higher interest income at constant rates; on the other, the average 3-month Euribor rate (the index used for hedging) during the first half of 2026 was lower than in the first half of 2025 (the 3-month Euribor stabilized around 2% from June 2025 onwards, following a near-continuous decline since April 2024, before rising again from early March 2026), effectively resulting in a decrease in interest income received after hedging, assuming constant volumes.

▪ Secondly, income from the liquidity reserve amounted to €27.6 million, compared with €28.7 million as of June 30, 2025. Here too, this change is primarily attributable to the period-over-period decline in short-term rates, to which the liquidity reserve assets are indexed. In particular, the remuneration rate for central bank deposits stood at 2% for almost the entire first half of 2026, compared with a level of between 2% and 3% during the first half of 2025. It should be noted that the outstanding balance of the liquidity reserve stood at €2,438 million as of June 30, 2026—an increase from the €2,117 million recorded on June 30, 2025—driven notably by solid progress in the 2026 borrowing program.

▪ Finally, net interest expenses—after accounting for hedging instruments—on the outstanding debt held on AFL's balance sheet amounted to €155.2 million, compared to €156.8 million in the first half of 2025. As with the lending activity, this relative stability is attributable to the period-over-period decline in the 3-month Euribor rate—to which the majority of AFL's debt is indexed—combined with an increase in volume driven by the growth of its lending business.

As of June 30, 2026, general operating expenses amounted to €9,365k, compared to €8,365k as of June 30, 2025. This increase is primarily attributable to the recognition of a €510k provision for other risks and charges. Personnel expenses totaled €4,783k as of June 30, 2026, compared to €3,981k for the first half of the previous financial year, while administrative expenses amounted to €4,582k, compared to €4,384k as of June 30, 2025 (after deducting inter-company billings between AFL and other AFL Group entities). This year-on-year increase in administrative expenses of approximately 5% is mainly due to a rise in IT fees associated with the enhancement of AFL's information system.

It should be noted that the costs incurred in connection with the project to acquire GE SCF SCA—amounting to €1,274 thousand—are capitalized as of June 30, 2026, and will be amortized on a straight-line basis over a period of five years starting from the effective date of the SCF acquisition.

The result for the period ending June 30, 2026, reflects depreciation charges of €552k, compared to €574k for the period ending June 30, 2025. This slight decrease should be viewed in context, as a number of investments—particularly those related to the information systems master plan—are still underway and are expected to result in higher depreciation charges during the second half of the year.

After depreciation charges, gross operating income as of June 30, 2026, stood at €5,512k, compared to €5,624k for the first half of 2025. After accounting for corporate income tax of €1,010k—versus €682k in the first half of 2025, with the higher 2026 charge resulting from the full absorption of the AFL Group's tax loss carryforwards during the first half of 2026—AFL's net income as of June 30, 2026, amounted to €4,502k, compared to €4,942k as of June 30, 2025.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2026 after the accounts closure date has to be reported.

III - Accounting principles and valuation methods

Agence's financial statements have been prepared in accordance with accounting principles applyed in France by Banks.

Presentation format

The half year financial statements of Agence France Locale have been prepared and are presented in accordance with the provisions of Regulation No. 2014-07 of the French Accounting Standards Authority (ANC) relating to the financial statements of companies in the banking sector. ANC Regulation 2023-03 aligned ANC Regulation No. 2014-07 with ANC Regulation 2022-06 on the "modernization of financial statements."

Preparation basis

The general accounting conventions have been applied, in accordance with the basic assumptions :

• Ongoing concern principle,

• Segregation of accounting periods,

• Consistency of methods.

And with the general rules for preparing and presenting annual financial statements.

Accounting principles and methods

The accounting principles and methods applied in drawing up these half-yearly financial statements are identical to those applied at 31 December 2025.

Identity of the parent company consolidating the accounts of the Agence as of June 30, 2026

Agence France Locale – Société Territoriale
41, quai d'Orsay 75 007 Paris

IV - Notes to the Balance Sheet

Note 1 - PORTFOLIO

(€ '000s)

30/06/2026	Government paper and similar securities	Bonds and other fixed income securities	Equities and other variable income securities	Total
Fixed or variable income securities				
Listed securities	1,195,808	324,145		1,519,953
Unlisted securities				
Accrued interest	7,240	1,074		8,314
Impairment	(2,984)	(290)		(3,274)
Net carrying amount	**1,200,064**	**324,928**	**-**	**1,524,992**
Residual net Premium/Discount	(28,360)	(7,503)		(35,863)
31/12/2025				
Fixed or variable income securities				
Listed securities	1,090,387	184,106		1,274,494
Unlisted securities				
Accrued interest	9,738	1,199		10,937
Impairment	(3,927)	(452)		(4,379)
Net carrying amount	**1,096,198**	**184,853**	**-**	**1,281,051**
Residual net Premium/Discount	(27,939)	(3,658)		(31,597)

Government paper and similar securities: analysis by residual maturity

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026	Total 31/12/2025
Government paper and similar securities								
Net amount	23,009	64,116	635,471	469,652	1,192,824	7,240	1,200,064	1,096,198
NET CARRYING AMOUNT	**23,009**	**64,116**	**635,471**	**469,652**	**1,192,824**	**7,240**	**1,200,064**	**1,096,198**
Bonds and other fixed income securities								
Net amount		148,792	127,139	47,923	323,855	1,074	324,928	184,853
NET CARRYING AMOUNT	**-**	**148,792**	**127,139**	**47,923**	**323,855**	**1,074**	**324,928**	**184,853**

Analysis by type of portfolio

Portfolio (€ '000s)	Total amount as 31/12/2025	Additions	Disposals	Transfers and other movements	Prem/Disc Amort.	Change in accrued interest	Impairment	Total 30/06/2026	Unrealized gains / (losses)
Transaction									
Held-for-sale	742,877	584,341	(372,545)	(93)	1,888	(2,245)	1,042	955,266	(23,524)
Investment	538,174	26,787	(2,637)	5,235	2,483	(378)	63	569,726	(13,047)
NET CARRYING AMOUNT	**1,281,051**	**611,129**	**(375,182)**	**5,142**	**4,371**	**(2,623)**	**1,105**	**1,524,992**	**(36,570)**
Of which Premium/Discount	(31,597)	(8,491)	648	(793)	4,371			(35,863)	

Note 2 -RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2026	31/12/2025
Mandatory reserve deposits with central banks	721,032	741,897
Other deposits		
Cash and central banks	**721,032**	**741,897**

Receivables on credit institutions

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026	Total 31/12/2025
Credit institutions								
Loans and receivables								
- demand	111,409				111,409	183	111,592	108,522
- time	80,000				80,000	358	80,358	60,225
Securities bought under repurchase agreements								
TOTAL	**191,409**	**-**	**-**	**-**	**191,409**	**540**	**191,949**	**168,747**
Impairment								
NET CARRYING AMOUNT	**191,409**	**-**	**-**	**-**	**191,409**	**540**	**191,949**	**168,747**

Note 3 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026	Total 31/12/2025
Credit institutions								
Accounts and Overdrafts								
- demand	0.3				0.3		0.3	2
- time								
Securities sold under repurchase agreements								
TOTAL	**0.3**	**-**	**-**	**-**	**0.3**	**-**	**0.3**	**2**

Note 4 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2026	31/12/2025
Short-term credit facilities	206,470	198,685
Other loans	9,876,879	9,721,301
Customers transactions before impairment charges	**10,083,349**	**9,919,985**
Impairment		
Net carrying amount	**10,083,349**	**9,919,985**
Of which related receivables	31,597	27,664
Of which gross doubtful receivables		
Of which gross non-performing doubtful receivables		

Doubtful loans correspond to a default for at least 90 days unpaid loans and by contagion to all of the outstanding amounts of counterparties in default. Although classified as doubtful loans, these loans have not been subject to impairment. Impairments are established on the basis of the recoverable amount of the receivable, i.e. the present value of the estimated future flows recoverable. However, on the closing date, the AFL intends to recover all of its debts as well as the interest attached to them.

Analysis by residual maturity excluding accrued interest

(€ '000s)	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026
Loans and advances to custom	214,036	289,562	751,560	2,833,164	5,963,430	**10,051,752**	**31,597**	**10,083,349**

Note 5 - INVESTMENTS IN CONSOLIDATED COMPANIES

(€ '000s)	30/06/2026	31/12/2025
Credit institutions		
Others	12,520	12,500
Investments in consolidated companies before impairm	**12,520**	**12,500**
impairment	-	-
TOTAL	**12,520**	**12,500**

All transactions with related parties were concluded on arm's length terms.

The only movement during the period relates to the incorporation of the company AFL - Participations SAS (€20k), which is 100% owned by AFL.

Note 6 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible assets	31/12/2025	Additions	Transfers	Disposals	Amort.	Impairments	Other movements	30/06/2026
Intangible assets	**16,348**	**480**					**668**	**17,496**
Start-up costs	-							-
IT development costs	16,186	480					668	17,334
Web site	163							163
Software	-							-
Intangible assets in progres	**1,598**	**593**					**(668)**	**1,522**
Intangible assets amortisati	**(14,362)**				**(518)**			**(14,881)**
Net carrying amount	**3,584**	**1,073**			**(518)**			**4,138**

Property, plant & equipment	31/12/2025							30/06/2026
Property, plant & equipment	599	44						642
Tangible assets in progress	-							-
Tangible assets amortization	(393)				(34)			(427)
Net carrying amount	**206**	**44**		**-**	**(34)**			**215**

Note 7 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2026	31/12/2025
Other assets		
Cash collateral paid	67,739	66,805
Other assets	2,868	604
Impairment		
Net carrying amount	**70,606**	**67,410**
Accruals		
Deferred charges on bond issues	91,360	96,310
Deferred charges on hedging transactions	47,585	45,876
Prepaid charges	1,143	1,152
Accrued interest not yet due on hedging transactions	118,290	143,757
Other deferred income	100	197
Other accruals	13,513	14,203
TOTAL	**271,990**	**301,495**

Note 8 - DEBT SECURITIES

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026	Total 31/12/2025
Negotiable debt securities	302,500				302,500		302,500	102,500
Bonds		21,888	5,492,486	6,183,945	11,698,319	95,818	11,794,137	11,589,194
Other debt securities					-		-	-
TOTAL	302,500	21,888	5,492,486	6,183,945	12,000,819	95,818	12,096,637	11,691,694

Note 9 - OTHER LIABILITIES and ACCRUALS

(€ '000s)	30/06/2026	31/12/2025
Other liabilities		
Cash collateral received	212,179	256,397
Miscellaneous creditors	16,898	12,330
TOTAL	229,077	268,727
Accruals		
Transaction to pay and settlement accounts		
Premium EMTN issue	10,609	13,333
Unrealised gains on hedging instruments	100,677	106,126
Unearned income	449	456
Accrued expenses on hedging instruments	65,155	52,028
Other accrued expenses		
Other accruals	32,089	35,283
TOTAL	208,978	207,227

Note 10 - PROVISIONS

(€ '000s)	Balance as of 31/12/2025	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2026
Provisions						
Financing commitment execution risks						
Provisions for employee retirement and similar benefits	139	-	-	-	-	139
Provisions for other liabilities to employees						
Other provisions		510				510
TOTAL	139	510	-	-	-	649

Note 11 - SUBORDINATED DEBTS

(€ '000s)	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total principal	Accrued interest	Total 30/06/2026	Total 31/12/2025
Subordinated term debts					-		-	-
Perpetual subordinated debts [1]				50,000	50,000	1,886	51,886	50,136
TOTAL	-	-	-	50,000	50,000	1,886	51,886	50,136

[1] Residual term of perpetiual subordinated debts are defined by default at more than 5 years.

Note 12 - CHANGES IN EQUITY

(€ '000s)	Share capital	Legal reserve	Share premiums	Statutory reserve	Translation, revaluation	Translation, revaluation subsidies	Retained earnings	Net income	Total equity
Balance as of 31/12/2024	**241,069**	**-**	**-**	**-**	**-**	**-**	**-**	**5,780**	**246,849**
Dividend paid for 2024									
Change in share capital	21,460								21,460
Change in share premium and reserves									
Allocation of 2024 net profit		289					5,491	(5,780)	
Net income as of 31/12/2025								10,640	10,640
Other changes									
Balance as of 31/12/2025	**262,530**	**289**	**-**	**-**	**-**	**-**	**5,491**	**10,640**	**278,950**
Dividend paid for 2025									
Change in share capital	10 113 [(1)]								10,113
Change in share premium and reserves									
Allocation of 2025 net profit		532					10,108	(10,640)	
Net income as of 31/12/2025								4,502	4,502
Other changes									
Balance as of 30/06/2026	**272,643**	**821**	**-**	**-**	**-**	**-**	**15,599**	**4,502**	**293,565**

(1) The share capital of Agence France Locale which amounts as of June 30, 2026 to € 272,642,745.31 consists of 2,893,756 shares. The Company carried out an increase during the first half year 2026 subscribed by Société Territoriale on 17th of June for € 10,113K.

Note 13 - DERIVATIVES

Outstanding notional and Fair value

	30/06/2026				31/12/2025			
	Hedging transactions		Others than Hedging transactions		Hedging transactions		Others than Hedging transactions	
(€ '000s)	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value
FIRM TRANSACTIONS	21,508,328	144,601	290,000	463	20,846,585	190,838	196,000	(1)
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	21,508,328	144,601	290,000	463	20,846,585	190,838	196,000	(1)
Interest rate contracts	19,650,551	154,444	290,000	463	19,364,954	218,900	196,000	(1)
FRA								
Cross Currency Swaps	1,857,777	(9,843)			1,481,631	(28,062)		
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Exchange rate options								
Other options								
Over-the-counter markets	-	-	-	-	-	-	-	-
Caps, floors								
Foreign currency option								
Crédit derivatives								
Other options								

Amount of micro-hedge transaction as of 30/06/2026	19,716,342	(€ '000s)
Amount of macro-hedge transaction as of 30/06/2026	1,791,985	(€ '000s)
Amount of trading transaction as of 30/06/2026	290,000	(€ '000s)

Notional amount by maturity

	30/06/2026					
	Hedging transactions			Others than Hedging transactions		
(€ '000s)	Less than 1 year	1 year to 5 years	more than 5 years	Less than 1 year	1 year to 5 years	more than 5 years
FIRM TRANSACTIONS	748,895	7,803,250	12,956,182	100,000	150,000	40,000
Organised markets	-	-	-	-	-	-
Interest rate contracts						
Other contracts						
Over-the-counter markets	748,895	7,803,250	12,956,182	100,000	150,000	40,000
Interest rate contracts	720,879	6,762,249	12,167,423	100,000	150,000	40,000
FRA						
Cross Currency Swaps	28,016	1,041,001	788,760			
Other contracts						
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-
Exchange rate options						
Other options						
Over-the-counter markets	-	-	-	-	-	-
Caps, floors						
Foreign currency option						
Crédit derivatives						
Other options						

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

V - Notes to the Income statement

Note 14 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Interest and similar income	**188,518**	**189,592**	**367,560**
Due from banks	10,572	10,078	20,851
Due from customers	139,317	135,700	263,969
Bonds and other fixed income securities	19,217	21,226	40,194
from Held-for-sale securities	*11,828*	*13,509*	*25,096*
from Investment securities	*7,389*	*7,716*	*15,098*
Macro-hedge transactions	18,334	20,045	37,087
Other interest income	1,078	2,543	5,458
Interest and similar expenses (1)	**(174,640)**	**(176,206)**	**(341,567)**
Due to banks	(2,192)	(2,630)	(4,665)
Debt securities	(155,175)	(156,767)	(302,252)
Macro-hedge transactions	(16,198)	(14,268)	(29,206)
Other interest expenses	(1,075)	(2,541)	(5,444)
Interest margin	**13,878**	**13,385**	**25,992**

(1) As of June 30, 2026, the net interest and similar charges on subordinated debt amounted to €1,735K, compared to €1,747K as of June 30, 2025 and €3,569K as of December 31, 2025.

Note 15 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Commission income	**282**	**177**	**527**
Interbank transactions			
Customer transactions	282	177	527
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee			
Other commissions recieved			
Commission expenses	**(98)**	**(97)**	**(202)**
Interbank transactions	(16)	(15)	(25)
Securities transactions			
Forward financial instruments transactions	(83)	(82)	(177)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net fee and commission income	**184**	**81**	**325**

Note 16 - ANALYSIS OF GAINS AND LOSSES ON PORTFOLIO TRANSACTIONS

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Gains/(losses) on Trading book			
Gains/(losses) on forward financial instruments	411	(445)	1,524
Gains/(losses) on foreign currency transactions	6	12	12
Gains or (losses) on trading portfolio	**416**	**(433)**	**1,536**
Gains/(losses) from disposal of held-for-sale securities	(153)	843	(1,005)
Other income/(expenses) from held-for-sale securities			
Impairment (charges) and reversals on held-for-sale securities	1,105	687	2,718
Gains or (losses) on held-for-sale portfolio	**952**	**1,530**	**1,713**

Note 17 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Employee expenses			
Wages and salaries	3,218	2,554	5,038
Post-employment benefit expenses	253	255	510
Other expenses	1,312	1,171	2,265
Total Employee expenses	**4,783**	**3,981**	**7,813**
Operating expenses			
Taxes and duties	302	252	524
External services	4,375	4,227	8,197
Total Administrative expenses	**4,678**	**4,480**	**8,721**
Charge-backs	(96)	(95)	(191)
Total General operating expenses	**9,365**	**8,365**	**16,343**

Note 18 - INCOME TAX CHARGE

The standard method for current tax has been chosen for report individual accounts.

Note 19 - RELATED PARTIES

There are, on 30 June 2026, there were two agreement of administrative services with Société Territoriale and AFL - Immobilier, 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 - Société térritoriale at normal market conditions.

10.2. Half-year financial statements prepared according to IFRS

AGENCE FRANCE LOCALE
Consolidated annual financial statements (IFRS)

BALANCE SHEET

Assets as of 30 of June 2026

(€ 'OOOs)	Notes	30/06/2026	31/12/2025
Cash, central banks	5	720,988	741,855
Financial assets at fair value through profit or loss	1	3,076	4,577
Hedging derivative instruments	2	653,687	663,081
Financial assets at fair value through other comprehensive income	3	934,727	721,498
Securities at amortized cost	4	558,654	527,652
Loans and receivables due from credit institutions and similar items at amortized cost	5	259,640	235,782
Loans and receivables due from customers at amortized cost	6	9,675,509	9,485,341
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			
Deferred tax assets	7	879	1,490
Accruals and other assets	8	3,503	3,029
Intangible assets	9	3,607	3,055
Property, plant and equipment	9	12,555	11,610
Goodwill			
TOTAL ASSETS		**12,826,824**	**12,398,971**

Liabilities as of 30 of June 2026

(€ 'OOOs)	Notes	30/06/2026	31/12/2025
Central banks			
Financial liabilities at fair value through profit or loss	1	2,613	4,578
Hedging derivative instruments	2	508,890	475,227
Debt securities	10	11,658,698	11,225,502
Due to credit institutions	11	212,180	256,399
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		97,480	105,002
Current tax liabilities		1,010	
Deferred tax liabilities	7	35	46
Accruals and other liabilities	12	4,857	6,257
Provisions	13	675	164
Equity		**340,387**	**325,795**
Equity, Group share		**340,387**	**325,795**
Share capital and reserves		272,643	262,530
Consolidated reserves		65,987	55,185
Gains and losses recognised directly in equity		(1,078)	(2,722)
Profit (loss) for the period		2,835	10,802
Non-controlling interests			
TOTAL LIABILITIES		**12,826,824**	**12,398,971**

Income statement

(€ 'OOOs)	Notes	30/06/2026	30/06/2025	31/12/2025
Interest and similar income	15	188,446	189,576	367,509
Interest and similar expenses	15	(172,906)	(174,461)	(338,001)
Fee & Commission Income	16	282	177	527
Fee & Commission Expense	16	(98)	(97)	(202)
Net gains (losses) on financial instruments at fair value through profit or loss	17	(543)	(690)	1,890
Net gains or losses on financial instruments at fair value through other comprehensive income	18	(153)	843	(1,005)
Net gains and losses on derecognition of financial assets at amortised cost				
Income on other activities				
Expenses on other activities				
NET BANKING INCOME		**15,028**	**15,350**	**30,718**
Operating expenses	19	(10,362)	(8,452)	(16,852)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(497)	(566)	(601)
GROSS OPERATING INCOME		**4,169**	**6,332**	**13,265**
Cost of risk	20	(234)	(36)	37
OPERATING INCOME		**3,935**	**6,296**	**13,303**
Net gains and losses on other assets				
INCOME BEFORE TAX		**3,935**	**6,296**	**13,303**
Income tax	21	(1,100)	(1,653)	(2,501)
NET INCOME		**2,835**	**4,643**	**10,802**
Non-controlling interests				
NET INCOME GROUP SHARE		**2,835**	**4,643**	**10,802**
Basic earnings per share (in EUR)		1.01	1.69	3.88
Diluted earnings per share (in EUR)		1.01	1.69	3.88

Net income and other comprehensive income

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Net income	**2,835**	**4,643**	**10,802**
Items will be reclassified subsequently to profit or loss	**1,391**	**1,387**	**3,632**
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	1,817	1,833	4,885
Other items recognized through other comprehensive income recyclable to income			
Related taxes	(426)	(446)	(1,254)
Elements not recyclable in profit or loss	**253**	**(1,419)**	**(3,053)**
Revaluation in respect of defined benefit plans			
Revaluation of financial assets at fair value through to equity	337	(1,892)	(4,070)
Other items recognized through other comprehensive income not recyclable to income			
Related taxes	(84)	473	1,018
Total gains and losses recognized directly in equity	**1,644**	**(32)**	**579**
COMPREHENSIVE INCOME	**4,479**	**4,611**	**11,381**

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				
Shareholders' equity at 31 December 2024	**241,069**	**-**	**3,855**	**49,441**	**(6,204)**	**-**	**-**	**2,904**	**5,390**	**296,454**	**-**	**296,454**
Increase in share capital	17,579									17,579		**17,579**
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2024			5,390						(5,390)			
Dividends 2024 paid												
Other movements												
Sub-total of changes linked to transactions with shareholders	**17,579**	**-**	**5,390**	**-**	**-**	**-**	**-**	**-**	**(5,390)**	**17,579**	**-**	**17,579**
Changes in fair value through equity					1,779					1,779		**1,779**
Change in value of through profit or loss					54					54		**54**
Revaluation of financial assets at fair value through not recyclable equity								(1,892)		(1,892)		**(1,892)**
Changes in actuarial gains on retirement benefits												
Related taxes					(446)			473		27		**27**
Changes in gains and losses recognized directly in equity	**-**	**-**	**-**	**-**	**1,387**	**-**	**-**	**(1,419)**	**-**	**(32)**	**-**	**(32)**
30th of June 2025 Net income									4,643	4,643		**4,643**
Sub-total	**-**	**-**	**-**	**-**	**1,387**	**-**	**-**	**(1,419)**	**4,643**	**4,611**	**-**	**4,611**
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 30 June 2025	**258,649**	**-**	**9,244**	**49,441**	**(4,818)**	**-**	**-**	**1,485**	**4,643**	**318,644**	**-**	**318,644**
Increase in share capital	3,881									3,881		**3,881**
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes			(3,500)							(3,500)		**(3,500)**
Allocation of profit 2024												
Dividends 2024 paid												
Other movements												
Sub-total of changes linked to transactions with shareholders	**3,881**	**-**	**(3,500)**	**-**	**-**	**-**	**-**	**-**	**-**	**381**	**-**	**381**
Changes in fair value through equity					2,787					2,787		**2,787**
Change in value of through profit or loss					265					265		**265**
Revaluation of financial assets at fair value through not recyclable equity								(2,179)		(2,179)		**(2,179)**
Changes in actuarial gains on retirement benefits												
Related taxes					(808)			545		(263)		**(263)**
Changes in gains and losses recognized directly in equity	**-**	**-**	**-**	**-**	**2,245**	**-**	**-**	**(1,634)**	**-**	**611**	**-**	**611**
31st of December 2025 Net income									6,159	6,159		**6,159**
Sub-total	**-**	**-**	**-**	**-**	**2,245**	**-**	**-**	**(1,634)**	**6,159**	**6,770**		**6,770**
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 31 December 2025	**262,530**	**-**	**5,744**	**49,441**	**(2,573)**	**-**	**-**	**(149)**	**10,802**	**325,795**	**-**	**325,795**

Shareholders' equity at 31 December 2025	262,530	-	5,744	49,441	(2,573)	-	-	(149)	10,802	325,795	-	325,795
Increase in share capital	10 113 [1]									10,113		10,113
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2025			10,802						(10,802)			
Dividends 2025 paid												
Other movements												
Sub-total of changes linked to transactions with shareholders	10,113	-	10,802	-	-	-	-	-	(10,802)	10,113	-	10,113
Changes in fair value through equity					1,681					1,681		1,681
Change in value of through profit or loss					136					136		136
Revaluation of financial assets at fair value through not recyclable equity								337		337		337
Changes in actuarial gains on retirement benefits												
Related taxes					(426)			(84)		(511)		(511)
Changes in gains and losses recognized directly in equity	-	-	-	-	1,391	-	-	253	-	1,644	-	1,644
30th of June 2026 Net income									2,835	2,835		2,835
Sub-total	-	-	-	-	1,391	-	-	253	2,835	4,479	-	4,479
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 30 of June 2026	272,643	-	16,546	49,441	(1,182)	-	-	104	2,835	340,387	-	340,387

[1] The share capital of Agence France Locale which amounts on 30 of June 2026 to € 272.642.745,31 consists of 2,893,756 shares. The Company carried out a capital increase during the year 2026 subscribed by Société Territoriale, his parent company on 17th of June for € 10,113K.

Cash flow statement

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Net income before taxes	**3,935**	**6,296**	**13,303**
+/- Net depreciation and amortisation of tangible and intangible non-current assets	497	566	601
+/- Net provisions and impairment charges	676	36	(37)
+/- Expense/income from investing activities	(16,375)	(15,464)	(22,402)
+/- Expense/income from financing activities	(8,247)	(7,531)	(16,258)
+/- Other non-cash items	62,526	48,288	(24,323)
= Non-monetary items included in net income before tax and other adjustments	**39,076**	**25,894**	**(62,419)**
+/- Cash from interbank operations			
+/- Cash from customer operations	(159,430)	(453,161)	(1,342,631)
+/- Cash from financing assets and liabilities	(99,400)	(44,141)	72,958
+/- Cash from not financing assets and liabilities	2,133	5,976	6,072
- Income tax paid			
= Decrease/(increase) in cash from operating activities	(256,697)	(491,326)	(1,263,600)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	**(213,687)**	**(459,136)**	**(1,312,717)**
+/- Flows linked to financial assets and investments	(244,793)	(264,925)	18,639
+/- Flows linked to investment properties			
+/- Flows linked to tangible and intangible non-current assets	(2,126)	(1,420)	(3,205)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	**(246,919)**	**(266,345)**	**15,434**
+/- Cash from or for shareholders	10,113	17,579	21,460
+/- Other cash from financing activities	432,637	598,095	1,506,711
= CASH FLOW FROM FINANCING ACTIVITIES (C)	**442,750**	**615,675**	**1,528,171**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)			
Increase/(decrease) in cash equivalents (A + B+ C + D)	**(17,856)**	**(109,806)**	**230,888**
Cash flow from operating activities (A)	(213,687)	(459,136)	(1,312,717)
Cash flow from investing activities (B)	(246,919)	(266,345)	15,434
Cash flow from financing activities (C)	442,750	615,675	1,528,171
Effect of changes in exchange rates on cash and cash equivalents (D)			
Cash and cash equivalents at the beginning of the period	**850,795**	**619,907**	**619,907**
Cash and balances with central banks (assets & liabilities)	741,856	485,839	485,839
Interbank accounts (assets & liabilities) and loans/deposits at sight	108,939	134,067	134,067
Cash and cash equivalents at the end of the period	**832,939**	**510,101**	**850,795**
Cash and balances with central banks (assets & liabilities)	720,988	392,846	741,856
Interbank accounts (assets & liabilities) and loans/deposits at sight	111,951	117,255	108,939
CHANGE IN NET CASH	**(17,856)**	**(109,806)**	**230,888**

NOTES TO THE FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

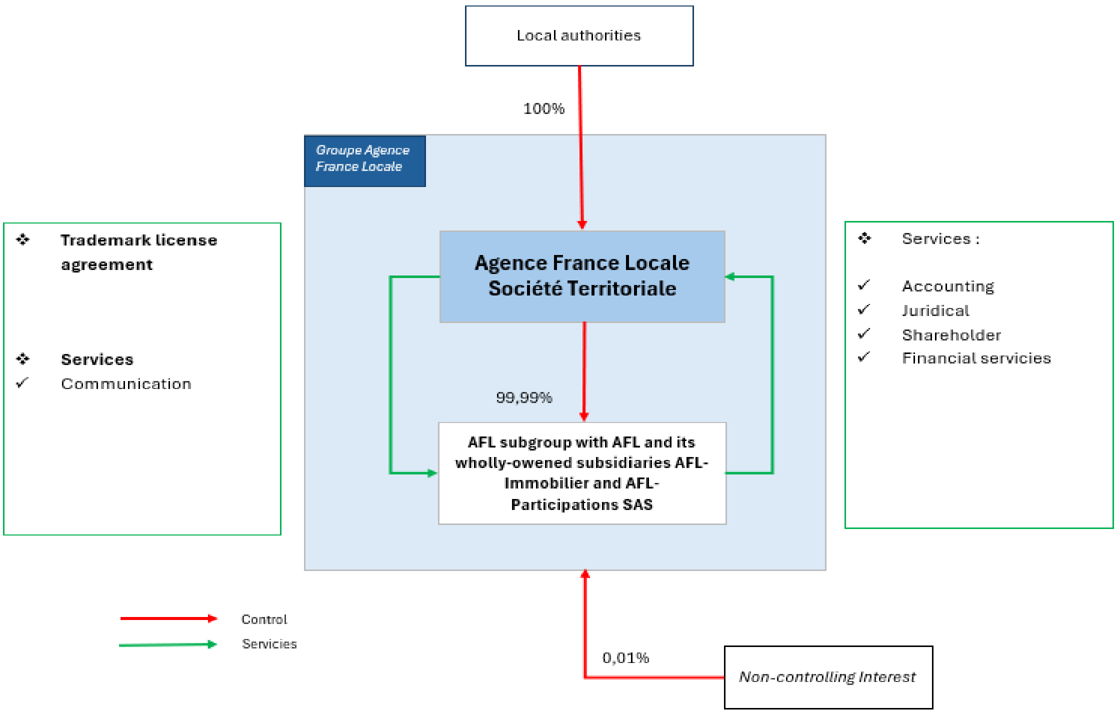
General framework

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 half year financial statements were approved by the Executive Board on September 9, 2026.

II - Highlights from the first half year

While core business revenues continued to grow—driven by the rapid and steady expansion of the outstanding loan portfolio with member local authorities—profitability was adversely affected primarily by exceptional charges during the half-year, a slight deterioration in the cost of carrying liquidity, and hedging inefficiencies resulting in negative IFRS impacts. As a result, the first half of 2026 saw a notable decline in results compared to the same period in 2025.

AFL's medium- and long-term lending volume in the first half of 2026 totaled €432 million, compared to €728 million in the first half of 2025. This year-on-year change in lending volume was primarily driven by a different borrowing cycle in 2026, resulting from the municipal elections held last March. Activity regarding treasury credit lines remained robust, with €203 million in new lending during the period, compared to €182 million a year earlier.

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 the first half of 2026, AFL executed five bond market transactions totaling €1 billion—representing nearly two-thirds of its funding requirements for the year—at an average spread of 14.6 basis points above the OAT curve, compared to a spread of 15.6 basis points in 2025 and an average maturity of 8.3 years versus 7.6 years in 2025.

These 5 transactions break down as follows:

- A syndicated euro-denominated issue of €500 million maturing in 2033, with a spread of 18 basis points over OATs;
- An Australian dollar-denominated issue of AUD 600 million (equivalent to €366 million) maturing in 2036, with a spread equivalent to OATs plus 10 basis points;
- Two tap issues linked to existing euro-denominated bond lines via private placement, totaling €125 million; and
- One fixed-rate euro-denominated private placement of €10 million.

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 first half of 2026, in furtherance of its corporate purpose, AFL-ST subscribed to AFL's capital in the amount of €10.1 million as part of a capital increase, thereby raising AFL's share capital from €262.5 million on January 1, 2026, to €272.6 million on June 30, 2026. The AFL Group now has 1,300 members, including 29 new local authorities that joined during the past six months.

As of June 30, 2026, net banking income (NBI) generated by operations stood at €15,028 thousand, compared to €15,350 thousand as of June 30, 2025. This 2% decline in NBI under the international accounting framework is attributable to the following factors:

- An increase in net interest margin—rising from €15,116k at June 30, 2025, to €15,541k at June 30, 2026—driven primarily by higher interest income resulting from the growth in the outstanding loan portfolio. However, the cost of carrying liquidity raised during the period dampened this growth in net interest margin in the second quarter of 2026;
- An increase in net commissions, rising to €184k as of June 30, 2026, compared to €81k as of June 30, 2025;
- Capital gains on the disposal of investment securities arising from the management of the liquidity reserve, which fell to €257k, compared to €398k at June 30, 2025; and
- A charge of €954k related to hedging inefficiencies, compared to a charge of €269k as of June 30, 2025. This amount, recorded in the income statement, primarily reflects unrealized valuation differences between the hedged items and the hedging instruments.

The net interest margin of €15,541k comprises the following three elements:

- First, income from the loan portfolio amounted to €141.5 million after accounting for hedging effects—the same level as at June 30, 2025. This stability stems from two opposing factors: on the one hand, the continued growth of the outstanding loan balance, which generates higher interest income (at constant prices); on the other, the average 3-month Euribor rate (the index used for hedging) during the first half of 2026 was lower than in the first half of 2025 (the 3-month Euribor stabilized around 2% from June 2025 onwards, following a near-continuous decline since April 2024, before rising again from early March 2026), effectively resulting in a decrease in interest income received after hedging, assuming constant volumes.
- Secondly, income from the liquidity reserve amounted to €27.5 million, compared with €28.7 million as of June 30, 2025. Here again, this change is primarily attributable to the period-on-period decline in short-term rates, to which the liquidity reserve assets are indexed. In particular, the remuneration rate for central bank deposits stood at 2% for almost the entire first half of 2026, compared with a level of between 2% and 3% in the first half of 2025. It should be noted that the outstanding balance of the liquidity reserve stood at €2,407 million as of June 30, 2026—an increase from June 30, 2025 (€2,092 million)—driven notably by solid progress in the 2026 borrowing program.
- Finally, interest expenses—net of hedging instruments—on the debt held on AFL's balance sheet amounted to €153.4 million, compared to €155 million in the first half of 2025. As with the lending business, this relative stability is attributable to the period-over-period decline in the 3-month Euribor rate—to which the majority of AFL's debt is indexed—combined with an increase in volume driven by the growth of lending activity.

The net result from hedge accounting—excluding the gain or loss on the disposal of a hedging relationship—amounted to -€954k at June 30, 2026, compared to -€269k at June 30, 2025; this figure represents the sum of the fair value differences between the hedged items denominated in euros and their corresponding hedges. Of these fair value differences, -€547k relate to micro-hedged assets, -€198k to macro-hedged assets, and -€209k 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 June 30, 2026, general operating expenses amounted to €10,362k, compared to €8,452k as of June 30, 2025. This increase stems primarily from a €510k provision for other risks and charges and €929k in exceptional fees related to the planned acquisition of GE SCF. Personnel expenses totaled €4,784k as of June 30, 2026, compared to €3,981k for the first half of the previous fiscal year, while administrative expenses amounted to €5,578k, compared to €4,471k as of June 30, 2025 (after deducting inter-company billings between AFL and other AFL Group entities). Excluding the aforementioned exceptional fees, the increase in administrative expenses was around 4% year-on-year, driven mainly by a rise in IT fees associated with the enhancement of AFL's information system.

The result for the period ending June 30, 2026, reflects charges for the amortization and impairment of intangible and tangible assets totaling €497k, compared to €566k for the period ending June 30, 2025. This slight decrease should be viewed in context, as a number of investments—particularly those related to the information systems master plan—are still underway and are expected to result in higher amortization charges during the second half of the year.

After depreciation charges, gross operating profit as of June 30, 2026, stands at €4,169k, compared with €6,332k for the first half of 2025.

The cost of risk associated with ex-ante impairment for expected credit losses (ECL) on financial assets under IFRS 9 amounted to a charge of €234k for the first half of 2026, compared to €36k in impairment charges recorded in the first half of 2025. AFL's cost of risk remains low, given the nature of the assets held on the balance sheet, with limited period-on-period fluctuations. This increase in the cost of risk stems primarily from the growth in outstanding amounts and, to some extent, from a deterioration in the assumptions used to construct macroeconomic scenarios by asset class, reflecting adverse trends in macroeconomic and geostrategic risks. The total stock of IFRS 9 impairment provisions stood at €1,733k as of June 30, 2026, compared to €1,499k as of December 31, 2025.

After accounting for the cost of risk resulting from the application of IFRS 9, operating income as of June 30, 2026, stands at €3,935k, compared to €6,296k as of June 30, 2025.

The tax charge of €1,100k as of June 30, 2026, consists of the following three elements:

- A current tax charge of €1,010K;
- A deferred tax asset of €353k related to IFRS consolidation adjustments;
- A tax charge of €443k related to the reversal of deferred tax assets (DTAs) associated with the utilization of previously accumulated tax losses. This charge reduces the remaining balance of deferred tax assets to €6k as of June 30, 2026.

After tax, AFL closed the first half of the year with a net profit of €2,835k, compared to €4,643k as of June 30, 2025.

Subsequent events

No major events likely to affect the presented financial statements have occurred during the early part of the second half of the 2026 financial year.

III - Principles and methods applicable to AFL Group, judgments and estimates used

Agence France Locale has decided to publish voluntary consolidated financial statement according to IFRS standards. The accounting standards is constantly the French GAAP standards according to legislation applicable in France.

The condensed interim consolidated financial statements as of June 30, 2026 have been prepared and are presented in accordance with IAS 34 Interim Financial Reporting, which defines the minimum content of information, and which identifies the recognition and measurement principles to be applied to an interim financial report.

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, 2026

▪ 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 reporting periods beginning on or after January 1, 2026, clarify, in particular, the classification of financial assets with contingent features—such as environmental, social, and corporate governance (ESG) characteristics—under 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 had no impact on AFL's financial statements as of June 30, 2026.

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

AFL has decided not to early adopt the following standards:

▪ IFRS 18 'Presentation and Disclosure in Financial Statements' – This standard will replace IAS 1 'Presentation of Financial Statements'. It was issued by the IASB on April 9, 2024. Subject to its endorsement by the European Commission, IFRS 18 will be applicable from January 1, 2027, with a comparative period as of January 1, 2026.

The standard does not alter the recognition or measurement of financial items but relates exclusively to their presentation in the income statement and the notes to the financial statements, in order to improve comparability and transparency.

The main changes are as follows:

- A new income statement structure organized around three mandatory categories: Operating, Investing, and Financing.

- Specification of the concept of "principal activity": for entities whose principal activity consists of granting financing or investing in assets (such as credit institutions like AFL), the standard allows all income and expenses related to these activities to be classified under the "Operating" category.

Based on an analysis of its activities, the AFL considers itself to be primarily engaged in financing and investment activities. Consequently, most items currently included in its operating aggregates are expected to remain classified under "Operations." However, limited reclassifications will occur—specifically regarding net interest on lease liabilities (IFRS 16) and interest on retirement benefit plans (IAS 19)—which will be excluded from operating income.

Finally, IFRS 18 introduces new requirements regarding the aggregation and disaggregation of information, as well as the disclosure in the notes to the financial statements of management-defined performance measures (MPMs), accompanied by a reconciliation with IFRS subtotals.

AFL is continuing its preparatory work. At this stage, IFRS 18 is not expected to have a significant impact on the presentation of the financial statements.

IV - Accounting principles applied to the financial statements

The accounting policies applied by the Group in the condensed interim financial statements are identical to those used in the financial statements for the year ended December 31, 2025.

Scope of consolidation and control

The AFL from the point of view of its consolidated accounts is organized as follows:

- The parent company of the Group is AFL
- AFL - Immobilier, an entity over which AFL exercises exclusive control, is consolidated using the global integration method
- During the first half of 2026, AFL created a wholly-owned subsidiary, AFL - Participations SAS, for the purposes of the planned GE SCF's acquisition. This new subsidiary is consolidated for the first time in the Group using the global integration method.

The AFL consolidated accounts constitute a level which is consolidated at the level of the AFL group whose parent company is AF-ST.

V - Notes to the Balance Sheet

Note 1 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2026		31/12/2025	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	3,076	2,613	4,577	4,578
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	**3,076**	**2,613**	**4,577**	**4,578**

Financial assets held for trading

	30/06/2026		31/12/2025	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	3,076	2,613	4,577	4,578
Total Financial assets held for trading	**3,076**	**2,613**	**4,577**	**4,578**

	30/06/2026				31/12/2025			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	145,000	145,000	3,076	2,613	98,000	98,000	4,577	4,578
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	145,000	145,000	3,076	2,613	98,000	98,000	4,577	4,578
Interest rate contracts	145,000	145,000	3,076	2,613	98,000	98,000	4,577	4,578
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

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

Note 2 - HEDGING DERIVATIVES

Analysis by type of hedge

(€ '000s)	30/06/2026		31/12/2025	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as fair value hedges	547,778	486,544	545,488	454,703
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	105,909	22,346	117,593	20,524
Total Hedging derivatives	**653,687**	**508,890**	**663,081**	**475,227**

Detail of derivatives designated as fair value hedges

(€ '000s)	30/06/2026				31/12/2025			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	**12,274,145**	**7,442,197**	**547,778**	**486,544**	**11,825,948**	**7,208,318**	**545,488**	**454,703**
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	**12,274,145**	**7,442,197**	**547,778**	**486,544**	**11,825,948**	**7,208,318**	**545,488**	**454,703**
Interest rate contracts	10,651,826	7,206,740	491,009	419,932	10,580,632	6,972,002	498,056	379,209
FRA								
Cross Currency Swaps	1,622,319	235,458	56,769	66,612	1,245,315	236,315	47,432	75,494
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

(€ '000s)	30/06/2026				31/12/2025			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	**170,570**	**1,621,415**	**105,909**	**22,346**	**171,070**	**1,641,250**	**117,593**	**20,524**
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	**170,570**	**1,621,415**	**105,909**	**22,346**	**171,070**	**1,641,250**	**117,593**	**20,524**
Interest rate contracts	170,570	1,621,415	105,909	22,346	171,070	1,641,250	117,593	20,524
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to netting or an enforceable global netting agreement or similar arrangement

(€ '000s)	30/06/2026						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
				Financial instruments	Collatéral received		
Financial instruments at fair value through profit or loss	656,763	-	656,763	444,891	212,179	-	(308)
Of which derivative financial instruments (including hedging derivatives)	656,763	-	656,763	444,891	212,179	-	(308)
Loans and receivables from credit institutions and customers	9,935,150	-	9,935,150	-	-	-	9,935,150
Of wich repurchase agreements	-	-	-	-	-	-	
Accrued income and other assets	3,503	-	3,503	-	-	-	3,503
Including security deposits given		-	-	-	-	-	
Other non offset assets	2,231,409	-	2,231,409	-	-	-	2,231,409
TOTAL ASSETS	12,826,824	-	12,826,824	444,891	212,179	-	12,169,753

(€ '000s)	31/12/2025						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that cannot be offset		instruments received as collateral	Net amount
				Financial instruments	Collatéral received		
Financial instruments at fair value through profit or loss	667,659	-	667,659	404,311	256,397	-	6,951
Of which derivative financial instruments (including hedging derivatives)	667,659	-	667,659	404,311	256,397	-	6,951
Loans and receivables from credit institutions and customers	9,721,122	-	9,721,122	-	-	-	9,721,122
Of wich repurchase agreements	-	-	-	-	-	-	
Accrued income and other assets	3,029	-	3,029	-	-	-	3,029
Including security deposits given		-	-	-	-	-	
Other non offset assets	2,007,161	-	2,007,161	-	-	-	2,007,161
TOTAL ASSETS	12,398,971	-	12,398,971	404,311	256,397	-	11,738,263

Financial liabilities subject to netting or an enforceable global netting agreement or similar arrangement

(€ '000s)	30/06/2026						
	(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		
Financial instruments at fair value through profit or loss	511,504	-	511,504	444,891	67,286	73,499	(74,173)
Of which derivative financial instruments (including hedging derivatives)	511,504	-	511,504	444,891	67,286	73,499	(74,173)
Loans and receivables from credit institutions and customers	212,180	-	212,180	-	-	-	212,180
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	11,762,754	-	11,762,754	-	-	-	11,762,754
TOTAL LIABILITIES	12,486,437	-	12,486,437	444,891	67,286	73,499	11,900,761

(€ '000s)	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		
Financial instruments at fair value through profit or loss	479,805	-	479,805	404,311	66,352	69,024	(59,882)
Of which derivative financial instruments (including hedging derivatives)	479,805	-	479,805	404,311	66,352	69,024	(59,882)
Loans and receivables from credit institutions and customers	256,399	-	256,399	-	-	-	256,399
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	11,336,971	-	11,336,971	-	-	-	11,336,971
TOTAL LIABILITIES	12,073,175	-	12,073,175	404,311	66,352	69,024	11,533,488

Note 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2026	31/12/2025
Government paper and similar securities	656,866	566,468
Bonds	277,861	155,030
Other fixed income securities		
Net amount in balance sheet	**934,727**	**721,498**
Including depreciation	(513)	(402)
Including net unrealised gains and losses	(23,524)	(25,406)

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2025	**(402)**	-	-	-
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	(112)	-	-	-
Acquisitions	(150)			
Re-estimate of parameters	(21)			
Bad debts written off				
On sales	59			
Expected losses as of 30 af June 2026	**(513)**	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	30/06/2026	31/12/2025
Local public sector	588,365	511,457
Financial institutions and other financial corporations	322,358	209,054
Non-financial corporations	24,004	988
Net amount in balance sheet	**934,727**	**721,498**

Fixed income securities held on Financial institutions include €66,467K 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 31/12/2025	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 30/06/2026
Government paper and similar securities	566,468	334,117	(243,716)	(93)	1,935	(2,120)	275	656,866
Bonds	155,030	250,224	(129,047)	-	164	(125)	1,614	277,861
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	**721,498**	**584,341**	**(372,763)**	**(93)**	**2,099**	**(2,245)**	**1,888**	**934,727**

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2026	31/12/2025
Government paper and similar securities	513,181	499,262
Bonds	45,472	28,390
Other fixed income securities		
Net amount in balance sheet	**558,654**	**527,652**
Including expected credit losses on debt instruments	(563)	(511)

Expected credit losses on securities at amortized cost	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2025	(511)	-	-	-
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	(53)	-	-	-
Acquisitions	(21)			
Re-estimate of parameters	(34)			
Bad debts written off				
On sales	3			
Expected losses as of 30 af June 2026	(563)	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	30/06/2026	31/12/2025
Local public sector	226,151	223,979
Financial institutions and other financial corporations	301,735	273,315
Non-financial corporations	30,768	30,358
Net amount in balance sheet	**558,654**	**527,652**

Fixed income securities held on Financial institutions include €278,030K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

	Total amount as of 31/12/2025	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of 30/06/2026
Government paper and similar securities	499,262	9,909	(2,637)	5,274	(309)	(378)	2,103	(43)	513,181
Bonds	28,390	16,878	-	(38)	(126)	(1)	379	(10)	45,472
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	**527,652**	**26,787**	**(2,637)**	**5,235**	**(436)**	**(378)**	**2,483**	**(53)**	**558,654**

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2026	31/12/2025
Mandatory reserve deposits with central banks	721,032	741,897
Other deposits		
Cash and central banks	**721,032**	**741,897**
Impairment	(44)	(42)
Net amount in balance sheet	**720,988**	**741,855**

Receivables on credit institutions

(€ '000s)	30/06/2026	31/12/2025
Loans and receivables		
- on demand and short notice	111,976	109,116
- term	80,403	60,334
Cash collateral paid	67,286	66,352
Securities bought under repurchase agreements		
TOTAL	**259,665**	**235,801**
Impairment for expected losses	(25)	(20)
NET CARRYING AMOUNT	**259,640**	**235,782**

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2026	31/12/2025
Short-term credit facilities	206,470	198,685
Other loans	9,469,615	9,287,169
Customers transactions before impairment charges	**9,676,085**	**9,485,853**
Impairment	(575)	(513)
Net carrying amount	**9,675,509**	**9,485,341**
Of which individual impairment	(575)	(513)
Of which collective impairment		

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 2025	**(446)**	**(128)**	-	-
Transfers from 12-month to maturity	(0.2)	0.2		
Transfers from maturity to 12-month	1	(1)		
Transfers from expected to incurred losses				
Total transfer movement	**1**	**(1)**	-	-
Movement attributable to financial instruments recognized over the period	**(70)**	**(0.2)**	-	-
Production and acquisition	(58)	(1)		
Re-estimate of parameters	(35)	(2)		
Bad debts written off				
Repayments	23	2		
Expected losses as of 30 af June 2026	**(515)**	**(129)**	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2025	Depreciation charges	Reversals amounts not used	Net charge	Utilised	30/06/2026
Financial assets at fair value through other comprehensive income						
Depreciations on performing assets	402	170	(59)	112		513
Depreciations on non-performing assets	-					-
Depreciations on doubtfull assets	-					-
Total	402	170	(59)	112		513
Financial assets at amortized cost						
Depreciations on performing assets	958	148	(27)	122		1,080
Depreciations on non-performing assets	127	3	(2)	1		128
Depreciations on doubtfull assets	-					-
Total	1,085	151	(28)	123		1,208

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	721,032			(44)			720,988
Financial assets at fair value through other comprehensive income	935,240			(513)			934,727
Securities at amortized cost	559,217			(563)			558,654
Loans and receivables due from credit institutions at amortized cost	259,665			(25)			259,640
Loans and receivables due from customers at amortized cost	9,507,659	168,173	191	(385)	(128)	(0.002)	9,675,509

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	30/06/2026	31/12/2025
Net asset as at 1st of january	**1,444**	**2,734**
Of which deferred tax assets	1,490	4,354
Of which deferred tax liabilities	46	1,621
Recognised in income statement	**(89)**	**(1,053)**
Income statement (charge) / credit	(89)	(1,053)
Recognised in equity	**(511)**	**(236)**
Financial assets at fair value through other comprehensive income	(426)	(1,254)
Cash flow hedges	(84)	1,018
Other		
Net asset as at	**844**	**1,444**
Of which deferred tax assets	879	1,490
Of which deferred tax liabilities	35	46

Deferred tax are attributable to the following items:

(€ '000s)	30/06/2026	31/12/2025
Financial assets at fair value through other comprehensive income	565	991
Cash flow hedges		50
Losses carried forward	6	449
Other temporary differences	307	
TOTAL DEFERRED TAX ASSETS	**879**	**1,490**

(€ '000s)	30/06/2026	31/12/2025
Financial assets at fair value through other comprehensive income		
Cash flow hedges	35	
Other temporary differences		46
TOTAL DEFERRED TAX LIABILITIES	**35**	**46**

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2026	31/12/2025
Other assets		
Deposits	860	1,402
Other assets	1,250	184
Impairment		
Total	**2,110**	**1,586**
Accruals		
Prepaid charges	1,160	1,152
Other deferred income	83	166
Transaction to recieve and settlement accounts	0.4	1
Other accruals	148	124
Total	**1,392**	**1,442**
TOTAL OTHER ASSETS AND ACCRUALS	**3,503**	**3,029**

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2025	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2026
IT development costs	14,221	419				417	15,058
Other intangible assets	163						163
Intangible assets in progress	1,329	520				(417)	1,432
Intangible fixed assets gross amount	**15,713**	**939**	**-**	**-**	**-**	**-**	**16,653**
Depreciation and allowances - Intangible fixed assets	(12,658)				(388)		(13,046)
Intangible fixed assets net carrying amount	**3,055**	**939**	**-**	**-**	**(388)**	**-**	**3,607**

Tangible fixed assets	31/12/2025	Additions	Disposals	Amort. and provisions	Other	30/06/2026
Commercial leases	1,347					1,347
Property, plant & equipment	11,549	1,053				12,602
Tangible fixed assets gross amount	**12,896**	**1,053**	**-**		**-**	**13,949**
Depreciation and allowances - Tangible fixed assets	(1,286)			(109)		(1,394)
Tangible fixed assets net carrying amount	**11,610**	**1,053**	**-**	**(109)**	**-**	**12,555**

Note 10 - DEBT SECURITIES

(€ '000s)	30/06/2026	31/12/2025
Negotiable debt securities	301,947	100,906
Bonds	11,356,751	11,124,597
Other debt securities		
TOTAL	**11,658,698**	**11,225,502**

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	30/06/2026	31/12/2025
Loans and receivables		
- on demand and short notice	0.3	2
- term		
Cash collateral paid	212,179	256,397
Securities sold under repurchase agreements		
TOTAL	**212,180**	**256,399**

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)	30/06/2026	31/12/2025
Other liabilities		
Miscellaneous creditors	3,138	4,113
Total	**3,138**	**4,113**
Accruals		
Transaction to pay and settlement accounts		
Other accrued expenses	1,698	2,122
Unearned income		
Other accruals	20	22
Total	**1,718**	**2,143**
TOTAL ACCRUALS AND OTHER LIABILITIES	**4,857**	**6,257**

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2025	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/062026
Provisions						
Financing commitment execution risks	12	13		(12)		12
Provisions for litigations						
Provisions for employee retirement and similar benefits	152					152
Provisions for other liabilities to employees						
Other provisions		510				510
TOTAL	**164**	**523**	**-**	**(12)**	**-**	**675**

Note 14 - UNDATED FINANCIAL INSTRUMENTS

(€ '000s)	Issue date	Interest rate	Amount	Currency	30/06/2026	31/12/2025
Agence France Locale	17-Dec.-2024	7%	50,000	EUR	49,441	49,441

The movements relating to subordinated and super-subordinated financial instruments of indefinite duration impacting Equity are detailed as follows:

(€ '000s)	30/06/2026	31/12/2025
UNDATED DEEPLY SUBORDINATED NOTES		
Interests paid accounted as reserves		(3,500)
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		
UNDATED SUBORDINATED NOTES		
Interests paid accounted as reserves		
Changes in nominal amounts		
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves		
Other		

As undated subordinated and deeply subordinated financial instruments are considered equity instruments issued, the tax effects on the compensation paid are recognised as income tax in the income statement.

OFF-BALANCE SHEET

(€ '000s)	30/06/2026	31/12/2025
Commitments given	**838,232**	**855,438**
Financing commitments	764,733	786,414
For credit institutions		
For customers	*764,733*	*786,414*
Guarantee commitments	73,499	69,024
For credit institutions		
For customers	*73,499*	*69,024*
Commitments on securities		
Securities to be delivered to the issuance		
Other securities to be delivered		
Commitments received	**1,484**	**1,554**
Financing commitments		
From credit institutions		
Guarantee commitments	1,484	1,554
From credit institutions		
From customers	*1,484*	*1,554*
Commitments on securities		
Securities receivable		

EXPECTED LOSSES ON COMMITMENTS

Expected credit losses on loans and financing commitments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2025	12	-	-	-
Transfers from 12-month to maturity				
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	0.4			
Charge	13			
Utilised				
Reversal untilised	(12)			
Expected losses as of 30 af June 2026	12	-	-	-

VI - Notes to the Income Statement

Note 15 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Interest and similar income	**188,446**	**189,576**	**367,509**
Due from banks	10,500	10,063	20,800
Due from customers	139,317	135,700	263,969
Bonds and other fixed income securities	19,217	21,226	40,194
Financial assets at fair value through other comprehensive income	*11,828*	*13,509*	*25,096*
Securities at amortized cost	*7,389*	*7,716*	*15,098*
Macro-hedge transactions	18,334	20,045	37,087
Other interest income	1,078	2,543	5,458
Interest and similar expenses	**(172,906)**	**(174,461)**	**(338,001)**
Due to banks	(2,192)	(2,630)	(4,665)
Debt securities	(153,441)	(155,021)	(298,685)
Macro-hedge transactions	(16,198)	(14,268)	(29,206)
Other interest expenses	(1,075)	(2,541)	(5,444)
Interest margin	**15,541**	**15,116**	**29,508**

Note 16 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Fee & Commission Income	**282**	**177**	**527**
Interbank transactions			
Customer transactions			
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee	282	177	527
Other commissions recieved			
Fee & Commission Expense	**(98)**	**(97)**	**(202)**
Interbank transactions	(16)	(15)	(25)
Securities transactions			
Forward financial instruments transactions	(83)	(82)	(177)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net Fee and Commission income	**184**	**81**	**325**

Note 17 - NET RESULT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Gains/(losses) on Trading book	(2)	11	(0.02)
Net result of hedge accounting	(544)	(714)	1,877
Net result of foreign exchange transactions	3	13	13
TOTAL	**(543)**	**(690)**	**1,890**

Analysis of net result of hedge accounting

(€ '000s)	30/06/2026	30/06/2025	31/12/2024
Fair value hedges			
Fair value changes in the hedged item attributable to the hedged risk	39,288	(4,765)	38,332
Fair value changes in the hedging derivatives	(40,044)	4,355	(38,052)
Hedging relationship disposal gain	411	(445)	1,524
Cash flow hedges			
Fair value changes in the hedging derivatives – ineffective portion			
Discontinuation of cash flow hedge accounting			
Portfolio hedge			
Fair value changes in the hedged item	8,184	(19,687)	(48,599)
Fair value changes in the hedging derivatives	(8,383)	19,828	48,672
Net result of hedge accounting	**(544)**	**(714)**	**1,877**

Note 18 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Gains from disposal of fixed income securities	264	844	1,152
Losses from disposal of fixed income securities	(418)	(1)	(2,156)
Gains from disposal of variable income securities			
Other income/(expenses) from Financial assets at fair value through other comprehensive income			
Impairment (charges) and reversals on Financial assets at fair value through other comprehensive income			
Gains or (losses) on Financial assets at fair value through other comprehensive income	**(153)**	**843**	**(1,005)**

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Employee expenses			
Wages and salaries	3,219	2,554	5,071
Post-employment benefit expenses	253	255	510
Other expenses	1,312	1,171	2,265
Total Employee expenses	**4,784**	**3,981**	**7,846**
Operating expenses			
Taxes and duties	302	252	524
External services	5,357	4,301	8,647
Total Administrative expenses	**5,660**	**4,554**	**9,171**
Charge-backs and reclassification of administrative expenses	(82)	(82)	(165)
Total General operating expenses	**10,362**	**8,452**	**16,852**

Note 20 - COST OF RISK

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Net charge to provisions	(234)	(35)	39
for financial assets at fair value through other comprehensive income	*(112)*	*(48)*	*129*
for financial assets at amortized cost	*(122)*	*14*	*(90)*
Net charge to provisions	(0.4)	(1)	(2)
for financing commitments	*(0.4)*	*(1)*	*(2)*
for guarantee commitments			
Irrecoverable loans written off not covered by provisions			
Recoveries of bad debts written off			
Total Cost of risk	**(234)**	**(36)**	**37**

Note 21 - INCOME TAX

(€ '000s)	30/06/2026	30/06/2025	31/12/2025
Expense and income of current tax	(1,010)	(682)	(1,448)
Expense and income of differed tax	(89)	(971)	(1,053)
Ajustement on previous period			
Total Income tax	**(1,100)**	**(1,653)**	**(2,501)**

RECONCILIATION OF THE THEORETICAL TAX RATE AND THE EFFECTIVE TAX RATE

As of 30th of June 2026

(€ '000s)	Basis	Tax rate	Tax
Pre-tax income	3,935	25.83%	(1,016)
Impact of permanent differences		0.10%	(4)
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.73%	(29)
Impact of other items		1.29%	(51)
Effective tax rate and tax charge		**27.95%**	**(1,100)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 30 June 2026.

As of 30th June 2025

(€ '000s)	Basis	Tax rate	Tax
Pre-tax income	6,296	25.83%	(1,626)
Impact of permanent differences		0.01%	(1)
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.20%	(12)
Impact of other items		0.22%	(14)
Effective tax rate and tax charge		**26.26%**	**(1,653)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 30 June 2025.

As of 31st December 2025

(€ '000s)	Basis	Tax rate	Tax
Pre-tax income	13,303	25.83%	(3,435)
Impact of permanent differences		(6.93)%	922
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		(0.25)%	33
Impact of other items		0.15%	(20)
Effective tax rate and tax charge		**18.80%**	**(2,501)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France as at 31 December 2025.

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:

	30/06/2026			
	Total	Measured using		
(€ '000s)		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	**3,076**	-	3,076	-
Hedging derivative instruments	**653,687**	-	653,687	-
Government paper and similar securities	656,866	499,652	-	157,215
Bonds	277,861	133,989	-	143,871
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	**934,727**	**633,641**	**-**	**301,086**
Total Financial assets	**1,591,490**	**633,641**	**656,763**	**301,086**
Financial liabilities				
Financial liabilities at fair value through profit or loss	**2,613**	-	2,613	-
Hedging derivative instruments	**508,890**	-	508,890	-
Total Financial liabilities	**511,504**	**-**	**511,504**	**-**

Fair values of instruments carried at amortised cost:

	30/06/2026				
	Net Carrying value	Fair value	Measured using		
(€ '000s)			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	**720,988**	**720,988**	-	-	720,988
Government paper and similar securities	513,181	511,637	344,586	-	167,051
Bonds	45,472	45,333	45,333	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	**558,654**	**556,969**	389,919	-	167,051
Loans and receivables due from credit institutions	**259,640**	259,640	-	-	259,640
Loans and advances to customers	**9,578,030**	9,578,030	-	-	9,578,030
Total Financial assets	**11,117,311**	**11,115,627**	**389,919**	**-**	**10,725,709**
Financial liabilities					
Debt securities	**11,658,698**	11,554,785	9,638,143	1,614,695	301,947
Total Financial liabilities	**11,658,698**	**11,554,785**	**9,638,143**	**1,614,695**	**301,947**

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 30 june 2026 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 30/06/2026
Cash, central banks	721,032		(44)	**720,988**
Financial assets at fair value through profit or loss	3,076			**3,076**
Hedging derivative instruments	653,687			**653,687**
Financial assets at fair value through other comprehensive income	934,727			**934,727**
Securities at amortized cost	559,217		(563)	**558,654**
Loans and receivables due from credit institutions	259,665		(25)	**259,640**
Loans and advances to customers	9,676,085		(575)	**9,675,509**
Revaluation adjustment on interest rate hedged portfolios				**-**
Current tax assets				**-**
Other assets	2,110			**2,110**
Sub-total Assets	12,809,599	-	(1,207)	12,808,392
Financing commitments given	764,733			**764,733**
TOTAL Credit risk exposure	13,574,332	-	(1,207)	13,573,125

Exposure analysis by counterparty

(€ '000s)	Total 30/06/2026
Central banks	720,988
Local public sector	11,255,727
Credit institutions guaranteed by the EEA States	298,725
Credit institutions	1,242,485
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	54,772
Non-financial corporations	428
Total Exposure by counterparty	13,573,125

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 30/06/2026
France	12,524,411
Supranational	327,819
Canada	222,639
Germany	153,366
Switzerland	116,536
Netherlands	73,574
New Zealand	41,136
Finland	34,127
Belgium	24,759
Poland	13,768
Denmark	12,475
South Korea	12,091
Australia	10,005
Sweden	6,420
Total Exposure by geographic area	13,573,125

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

This table presents the breakdown of balance sheet assets and liabilities according to their residual contractual maturity. In accordance with liquidity risk management principles, certain non-financial items as well as equity are not included in this maturity breakdown, insofar as they do not generate contractual liquidity cash flows.

	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 30/06/2026
Cash, central banks	720,988				**720,988**			**720,988**
Financial assets at fair value through profit or loss			1,477	1,764	**3,241**	(165)		**3,076**
Hedging derivative instruments	93	1,942	57,509	555,400	**614,945**	38,742		**653,687**
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	23,009	18,023	374,783	258,389	674,204	4,209	(21,547)	656,866
Bonds		148,792	120,940	9,122	278,854	984	(1,977)	277,861
Total Financial assets at fair value through other comprehensive income	**23,009**	**166,815**	**495,723**	**267,511**	**953,058**	**5,192**	**(23,524)**	**934,727**
Securities at amortized cost								
Government paper and similar securities		46,065	262,344	212,658	521,068	3,031	(10,918)	513,181
Bonds			6,259	39,004	45,263	90	119	45,472
Total Securities at amortized cost	**-**	**46,065**	**268,603**	**251,662**	**566,331**	**3,121**	**(10,799)**	**558,654**
Loans and receivables due from credit institutions	178,938	40,000	40,000		**258,938**	702		**259,640**
Loans and advances to customers	214,036	1,040,547	2,833,164	5,963,430	**10,051,177**	31,597	(407,264)	**9,675,509**
Revaluation adjustment on interest rate hedged portfolios								**-**
Current tax assets								**-**
Other assets	2,110				**2,110**			**2,110**
TOTAL ASSETS	**1,139,176**	**1,295,369**	**3,696,477**	**7,039,767**	**13,170,789**	**79,189**	**(441,587)**	**12,808,392**
Central banks								**-**
Financial assets at fair value through profit or loss			1,480	1,765	**3,245**	(632)		**2,613**
Hedging derivative instruments	166	1,826	286,415	234,409	**522,816**	(13,926)		**508,890**
Debt securities	301,765	21,878	5,409,473	6,187,454	**11,920,569**	95,818	(357,690)	**11,658,698**
Due to credit institutions	212,180				**212,180**			**212,180**
Revaluation adjustment on interest rate hedged portfolios							97,480	**97,480**
Other liabilities								**-**
TOTAL LIABILITIES	**514,110**	**23,704**	**5,697,369**	**6,423,627**	**12,658,810**	**81,261**	**(260,210)**	**12,479,861**

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. The rate risk management policy and its implications on the first half of 2026 are described into the financial report as at 30th June 2026.

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Agence France Locale S.A.

Statutory Auditors' Review Report on the interim consolidated condensed financial statements in accordance with IFRS

For the period from January 1 to June 30, 2026

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This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Agence France Locale S.A.

Statutory Auditors' Review Report on the interim consolidated condensed financial statements in accordance with IFRS

For the period from January 1st to June 30, 2026

To the Shareholders,

In our capacity as Statutory Auditors of Agence France Locale S.A. and in accordance to your request made in the context of your willingness to produce an extended financial information to investors, we conducted a review of the accompanying interim consolidated condensed financial statements of Agence France Locale S.A. prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, for the period from January 1, 2026 to June 30, 2026.

These interim consolidated condensed financial statements are the responsibility of the Management Board. Our responsibility is to express a conclusion on these interim consolidated condensed financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements as at June 30, 2026 do not present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at 30 June, 2026 and the results of its operations for the period then ended, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes.

This report is governed by French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris La Défense, 22 September 2026	Paris, 22 September 2026
KPMG S.A.	CAILLIAU DEDOUIT ET ASSOCIES
Sophie MEDDOURI	Laurent BRUN
Partner	*Partner*

Pillar III

11. PILLAR III

The Pillar III report is required at consolidated level and at AFL-ST (AFL Group) level and is included in AFL-ST's half-year report. At its own level, AFL is not required to publish a Pillar III.
For the purposes of transparency and comparison with other institutions, AFL decided to publish its main indicators on a voluntary basis at 30 June, 2026 in Pillar III format in the Key Metrics (KM1) table below.

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	283 066 418	272 780 474	261 326 647		
2	Tier 1 capital	332 507 671	322 221 727	310 767 901		
3	Total capital	332 507 671	322 221 727	310 767 901		
	Risk-weighted exposure amounts					
4	Total risk exposure amount	522 737 977	507 160 420	452 280 273		
4a	Total risk exposure pre-floor	522 737 977	507 160 420	452 280 273		
0	**Capital ratios (as a percentage of risk-weighted exposure amount)**					
5	Common Equity Tier 1 ratio (%)	0,5415	0,5379	0,5778		
5a	Not applicable					
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	0,5415	0,5379	0,5778		
6	Tier 1 ratio (%)	0,6361	0,6353	0,6871		
6a	Not applicable					
6b	Tier 1 ratio considering unfloored TREA (%)	0,6361	0,6353	0,6871		
7	Total capital ratio (%)	0,6361	0,6353	0,6871		
7a	Not applicable					
7b	Total capital ratio considering unfloored TREA (%)	0,6361	0,6353	0,6871		
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-		
EU 7e	of which: to be made up of CET1 capital (percentage points)	-	-	-		
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	-	-	-		
EU 7g	Total SREP own funds requirements (%)	0,0800	0,0800	0,0800		
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	0,0250	0,0250	0,0250		
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 (%)	0,0097	0,0097	0,0095		
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)					
11	Combined buffer requirement (%)	0,0347	0,0347	0,0345		
EU 11a	Overall capital requirements (%)	0,1147	0,1147	0,1145		
12	CET1 available after meeting the total SREP own funds requirements (%)	0,4965	0,4929	0,5328		
	Leverage ratio					
13	Total exposure measure	2 624 909 736	2 577 251 891	2 470 965 471		
14	Leverage ratio (%)	0,1267	0,1250	0,1258		
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-		
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-		
EU 14c	Total SREP leverage ratio requirements (%)	0,0300	0,0300	0,0300		
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-		
EU 14e	Overall leverage ratio requirement (%)	0,0300	0,0300	0,0300		
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 330 391 848	1 133 822 685	1 314 896 127	1 650 068 775	1 175 477 397
EU 16a	Cash outflows - Total weighted value	596 374 363	550 500 985	341 537 863	376 477 003	381 774 930
EU 16b	Cash inflows - Total weighted value	65 044 451	139 722 952	70 229 540	60 425 481	153 802 651
16	Total net cash outflows (adjusted value)	531 329 912	410 778 033	271 308 323	316 051 522	227 972 279
17	Liquidity coverage ratio (%)	2,5039	2,7602	4,8465	5,2209	5,1562
0	**Net Stable Funding Ratio**					
18	Total available stable funding	11 588 819 839	10 462 797 510	10 707 210 587	10 832 078 057	10 096 325 433
19	Total required stable funding	7 028 332 901	7 120 238 935	6 829 280 095	6 551 746 492	4 999 896 924
20	NSFR ratio (%)	1,6489	1,4694	1,5678	1,6533	2,0193