

2024 Annual Results: Record activity driving strong performance and reinforcing the attractiveness of AFL's model

As of December 31, 2024, AFL Group reports solid results:

- Net banking income exceeds €24 million, while gross operating profit rises to €7.8 million
- Credit production to local authorities reaches €2 billion for the first time
- New memberships, totalling 269 local authorities, a record since AFL Group's inception over 10 years ago, bring the total number of local authorities shareholders to 1,045
- Liquidity remains high, with an LCR ratio of 447% and an NSFR ratio of 220%
- CET1 ratio stands at 63%
- Leverage ratio for public development credit institutions reaches 11.25%

Key Figures of the consolidated results as of 12/31/2024 (IFRS)

Committed capital: €328 million (+€34.6 million vs. 12/31/2023)

Credit production: €2 billion (+3% vs. 12/31/2023)

Market funding raised: €2.4 billion (+13% vs. 12/31/2023)

Net banking income: €24.1 million (+3% vs. €23.4 million as of 12/31/2023)

Gross operating profit: €7,848K (+3% vs. 12/31/2023)

Net profit before tax: €7,466K (-3.5% vs. 12/31/2023)

Net profit after tax: €5,407K (vs. €5,739K as of 12/31/2023)

Cost-to-income ratio: 67.4% (vs. 67.4% as of 12/31/2023)



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Results driven by the growth of credit activity

Since reaching breakeven in 2020, the AFL Group has recorded 10 consecutive semesters of positive results, with steady growth in gross operating profit. These results stem from the strong expansion of the bank's lending activity to local authorities, combined with strict cost management, while continuing to monitor the scaling up of workforce and IT investments.

Relative to outstanding loans, operating expenses stands at 17 basis points as of December 31, 2024, compared to 20 basis points at year-end 2023. The cost-to-income ratio remains stable year-over-year at 67.4%.

Risk cost, very limited due to the sector, increases with the deterioration of the economic and financial environment and the balance sheet growth

AFL's risk cost remains intrinsically limited due to the public development credit institution model, the company's prudent management, and the excellent solvency of local authorities. The risk weighting of local authorities was reduced to 0%¹ following a decision of the ACPR's supervisory board on June 21, 2024.

As of December 31, 2024, AFL has made a provision of €381K for ex-ante impairments on expected credit losses under IFRS 9, compared to a reversal of provisions of €117K in 2023. This provision reflects the growth in AFL's balance sheet and a change in the weighting of underlying macroeconomic scenarios in the provisioning model, while recognizing that loans to local authorities and securities held in AFL's portfolio are inherently low-risk.

A robust financial structure enabling balanced growth

The AFL Group boasts a very strong financial structure:

- **The CET1 solvency ratio** (consolidated) stands at **63%** (with a regulatory minimum of 11.75%, excluding the countercyclical capital buffer).
- **The leverage ratio**, calculated in accordance with the methodology applicable to public development credit institutions, is **11.25%** (with a regulatory minimum of 3%).
- **The LCR ratio** stands at **447%** (with a regulatory minimum of 100%).
- **The 12-month internal liquidity ratio** (NCR) reaches **90%** as of December 31, 2024, corresponding to a liquidity reserve of €1.9 billion. This ensures

¹ 0% risk-weighting applies to regions (*régions*), departments (*départements*), *communes* and intercommunal cooperation public establishments (*établissements publics de coopération intercommunale à fiscalité propre*).



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that AFL can meet all of its needs for more than 11 months without needing to access the market.

- **The NSFR ratio** stands at **220%** (with a regulatory minimum of 100%).

Key Highlights of 2024

Cost efficient Funding

In 2024, despite a significant deterioration in general refinancing conditions, AFL, the Group's issuer, successfully raised €2.4 billion in funding on favorable terms for several reasons:

- The continuation of a diversification strategy in both currencies and instruments.
- The benefit of HQLA 1 classification for AFL's debt by the ACPR since June 2024.
- A rating by rating agencies on par with that of France.

AFL rating

	Fitch Ratings	Standard & Poor's
Long-Term rating	Aa3	AA-
Outlook	Negative	Negative
Short-Term rating	P-1	A-1+

Strengthening of the financial structure

In order to support the strong growth of its balance sheet, AFL has issued super-subordinated debt instruments intended to be recognized as Additional Tier 1 (AT1) capital. With this issuance, the AFL Group will be able to meet the borrowing needs associated with increased investment expenditures of French local authorities in the context of transition financing.

Post-year end Events and Outlook

- AFL-ST completed its **43rd capital increase** on March 13, 2025, which enabled **57 new local authorities** to join the AFL Group, bringing the total promised capital to nearly **€331 million**.
- The AFL Group aims **to exceed 1,300 member local authorities** by the end of 2025.



The AFL's Executive Board approved the annual financial statements, both individual and consolidated, for the year 2024 on March 11, 2025. The AFL's Supervisory Board favorably examined the financial statements on March 26, 2025.

The Board of Directors of AFL-ST, Société Territoriale, convened on March 26, 2025, approved the financial statements of its parent company, Société Territoriale, and the consolidated financial statements of the AFL Group.

Audit procedures on the annual and consolidated financial statements, related to the period from January 1, 2024, to December 31, 2024, were conducted by the statutory auditors, whose reports are available at the following address:
<http://www.agence-france-locale.fr>

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

The financial information of AFL Group for the year 2024 consists of this press release, complemented by the report available on the website:

<https://www.agence-france-locale.fr/actualite/2024-annual-resu...ss-of-afls-model/>

About the AFL, the bank for local authorities

"To embody responsible finance in order to strengthen the local world's ability to act, addressing the present and future needs of citizens."

The only French bank fully owned (100%) by local authorities, the AFL has a unique and innovative model: a bank created by and for all local authorities. By becoming AFL's shareholders, local authorities gain access to fast, tailored financing for their local investments while committing to sustainable and responsible finance practices. For local authorities, it is the freedom to invest, with a controlled management of their finances. Since its launch in 2015, the AFL has already granted nearly €11.5 billion in loans, including €2 billion in 2024, and currently has 1,101 shareholders.

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