ANNUAL REPORT

OF AFL
FOR THE PERIOD FROM
1 JANUARY TO
31 DECEMBER 2024

La banque
des collectivités

EDITORIAL BY THE CHAIRMAN OF THE MANAGEMENT BOARD

"2024 was a year of major changes for AFL, the bank of local authorities.

Ten years after obtaining its banking license in December 2014, AFL will have lent its members nearly €11 billion since the start of its operations, and €2 billion in 2024 alone. We have also surpassed the 1,000-member mark with 269 new members, compared to 177 in 2023 and 103 in 2022, highlighting a further acceleration in our development through the recognition of our effectiveness, similar to that of local government financing agencies in Northern Europe. By demonstrating that AFL has been able to meet its clients' demands competitively for over 10 years, AFL has established a key position as a major and long-term player in the local government financing market in France.

2024 is a pivotal year for AFL's debt, with, on the one hand, the alignment of our debt's financial rating with that of France, at AA- with Standard & Poor's and Fitch Ratings, and on the other hand, the qualification of the debt in HQLA 1 by the supervisory college of ACPR, the French banking supervisor. These two events contribute to making AFL's debt much more visible on the markets, eligible for new investment portfolios and much better valued, thus allowing us to have more competitive resources. It is in this context and building on these successes, that a €50 million issue of super-subordinated debt securities was launched in December 2024, which will allow us to fully deploy our business plan, while consolidating our equity.

2024 also represents important milestones dedicated to strengthening the operational model with a new information systems plan, which complements the AFL's business plan, and the creation of a new department dedicated to data management, processes, and reporting. Furthermore, the acquisition of new offices demonstrates our confidence in the future and our growth.

For more than ten years, the AFL has demonstrated the relevance and success of its model, which has enabled it to meet all of its members' needs under optimal conditions. Thus, year after year, AFL plays a leading role in supporting the investment projects of all local authorities."

Yves Millardet,
Chairman of AFL's Management Board.

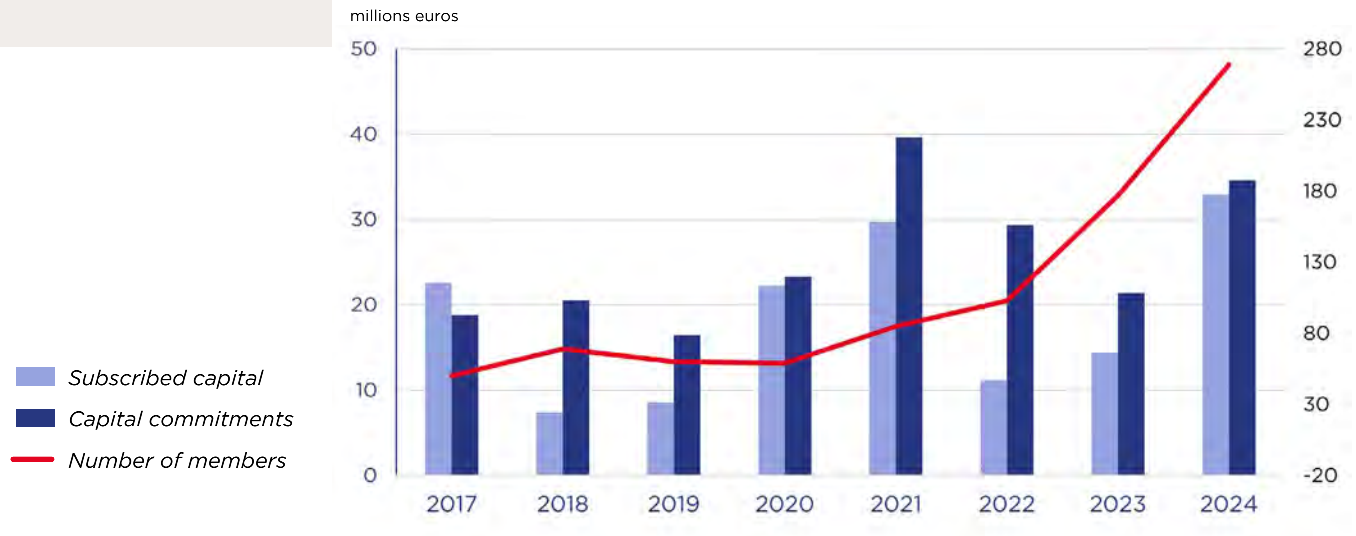
ACTIVITIES EN 2024

MEMBERSHIPS

In 2024, the number of new members reached 269 local authorities, which is a new significant progression in memberships, bringing the total number of local authority members to 1,045. As a result, capital pledged to AFL-ST rose by €34.6 million to €328.2 million and paid-up capital by €32.9 million to €265 million. At 31 December 2024, five metropolitan regions, 15 metropolises and 18 departments were members of the AFL Group, plus many other municipality groupings and municipalities of all sizes.

In terms of outstanding debt, as at 31 December 2024, AFL Group members accounted for 26% of the total debt of French local authorities.

Membership and capital



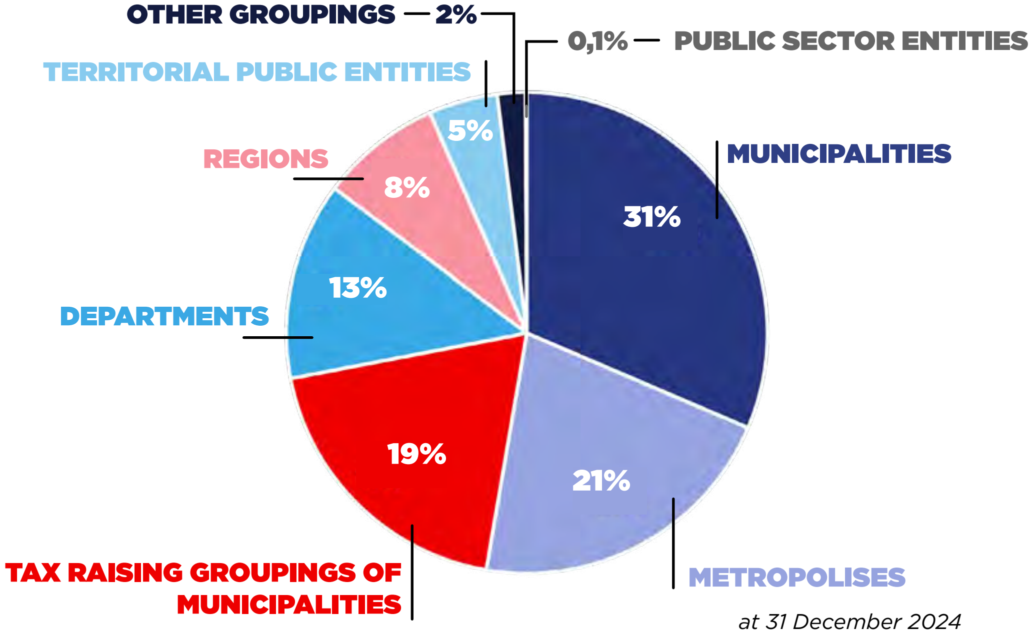
LOAN ORIGINATION

Origination of loans by AFL amounted to €1.964 billion in 2024. Since the creation of AFL, loan origination has grown strongly and steadily, reaching a total of €9.1 billion in signed loans. The growth in loan origination is emblematic of the success AFL has enjoyed with French local authorities since its creation.

Outstanding signed loans (French GAAP)

The growth in outstanding loans granted benefits all members of the AFL Group, regardless of their category.

Exposure distribution by member category (%)

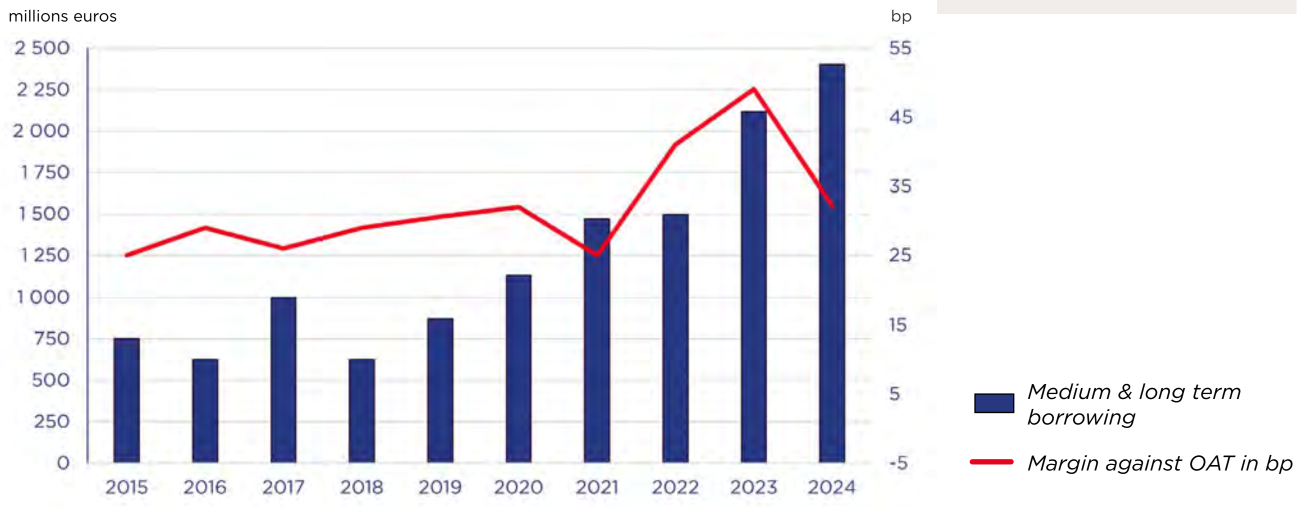


at 31 December 2024

RESOURCES

2024 was a year of transformation for AFL with the change in its debt classification, which changed from HQLA-2A to HQLA-1 and an alignment of its rating with that of the French Government. These events resulted in a better valuing of AFL's debt, allowing it to be able to finance its rapid development under optimal conditions. In 2024, AFL raised a record amount of resources on the bond market, totalling €2.4 billion at an average spread of 32 basis points over French government bonds (OATs). Notwithstanding geopolitical disruptions, strong volatility in the financial markets resulting in the downgrading of France's rating and slowing of the European economy, AFL was able to consolidate its position vis-a-vis investors.

Borrowing programme



AFL, which refinances itself exclusively by issuing debt in the capital markets, continues year after year to build up a euro-denominated curve over a wide range of maturities, combined with bond issues in foreign currencies and private placements.

The primary aim of this strategy is to diversify the investor base, thereby strengthening the placement of AFL's debt, while meeting the need to strengthen the balance sheet.

In this way, since 2015, AFL has been able to raise the equivalent of €12.6 billion on the primary bond market, including €10.8 billion on the euro market, from 300 investors.

As part of its CSR strategy, and in accordance with AFL's commitments to embody responsible finance, in 2020, AFL established a sustainable issuance system based on ICMA principles, from which it carries out sustainable bond issues backed by financing or refinancing of capital expenditure by member local authorities on environmental and social projects.

Since 2020, this mechanism has allowed it to raise €1.3 billion on the bond market, with these resources reloaned to its members in order to finance investments in basic social services, the energy and ecological transition and sustainable infrastructure, all of which contribute directly to achieving the sustainable development goals of the United Nations.

KEY FIGURES *(at 31/12/2024)*

1,045

number of member local authorities

€328

million of pledged capital

74%

success rate with member local authorities in 2024 by number of consultations and

40%

by volume[1]

€8.8

billion of outstanding signed loans

€9.8

billion of outstanding debt raised on the markets Outstanding debt raised on the markets

[1] Amount of medium and long-term loans signed / amount of medium and long-term loan requests submitted to AFL

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GLOSSARY

AC	Audit Committee
ACC	Additional Capital Contribution
ACPR	Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution 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
Agence France Locale Group or AFL Group	The Group comprising Agence France Locale – Société Territoriale and Agence France Locale
ALCo	ALM Committee
ALM	Asset and Liability Management
ALT	Average lifetime
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
Authority (authorities) or local authority (authorities)	Local and regional authorities, groupings of such authorities and other local public institutions
CAVC	Corporate added-value contribution
CET1	Common Equity Tier One
DTA	Deferred tax assets
DTL	Deferred tax liabilities
EAPB	European Association of Public Banks
ECB	European Central Bank
ECMS	Eurosystem Collateral Management System
ECP	Euro Commercial Paper – short term corporate securities
EMTN	Euro Medium Term Notes – bonds
EPCI	*Établissement public de coopération intercommunale* (Groupings of municipalities)
FED	United States Federal Reserve
FGTC	French General Tax Code
GOP	Gross operating income
GRC	Global Risk Committee
HQLA	High quality liquid assets
ICC	Initial Capital Contribution
ICC	Internal Control Committee
ICMA	The International Capital Market Association
IFRIC	IFRS Interpretations Committee
IMR	Initial margin requirement
ISMP	Information Systems Master Plan
LCR	Liquidity Coverage Ratio
LPE	Local public entity

Medium- to long-term loan	Loan granted by AFL to a Member with an initial term of more than 364 days
Members	Local French authorities, their groups and local public entities whose applications for membership have been completed and which have therefore become shareholders in AFL-ST
NBI	Net banking income
NDS	Negotiable debt securities
NI	Net income
NIM	Net interest margin
NPV	Net Present Value
NSFR	Net Stable Funding Ratio
OAT	*Obligations Assimilables du Trésor* (French Treasury bonds)
OI	Official institutions
RC	Risk Committee
RRD	Recovery and Resolution Directive
RWA	Risk weighted assets
SaaS	Software as a Service
TL-TRO	Targeted longer-term refinancing operations
TPE	Territorial public entities

I. The Company's Activity

1. Development strategy and model

Authorised by 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 the status of financial holding company) and Agence France Locale ("**AFL**", the subsidiary, a specialised credit institution). The Agence France Locale Group is formed by the combination of these two companies. The purpose of its two-tier governance is to separate the operational management, handled by the specialised credit institution (AFL), from the shareholder representation, management of guarantees and the definition of strategic policies, handled by Société Territoriale (AFL-ST). This separation of responsibilities makes it possible to prevent conflicts of interest that could arise in the form of intervention by the member local authorities in the day-to-day management activities of AFL, to ensure that the involved parties are accountable in the context of their missions and lastly to have adequate control and monitoring mechanisms[1].

For this reason, the AFL's Articles of Association provide that the Supervisory Board must be composed of a majority of independent members; in addition, the majority of the members of the Supervisory Board must be recognised for their professional expertise in banking, finance and/or risk management. In so doing, shareholders accept and acknowledge that it is important for banking and financial professionals to be responsible for the oversight of the credit institution.

The main tasks of AFL-ST, the AFL Group's parent company, are as follows:

- Representation of shareholders;
- Management of the guarantee mechanism;
- Appointment of the members of the credit institution's Supervisory Board;
- Setting of major strategic guidelines and of the risk appetite framework; and
- Promotion of the model among local authorities, jointly with AFL, with a view to increasing the number of shareholder members.

The main tasks of AFL, a credit institution more than 99.99% owned by AFL-ST, are as follows:

- Granting of credit exclusively to shareholder member authorities;
- Fund-raising on capital markets; and
- Day-to-day operational management of financial activities.

1.1 A robust structure

AFL is an investment financing facility for local authorities in which they 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 mechanism of explicit, irrevocable and on demand guarantees.

- On the one hand, the "**Member Guarantees**" granted by local authorities that are AFL-ST shareholders to the benefit of any financial creditor of AFL allow the local authority shareholders 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 authority with AFL. In this way, a creditor can call the guarantee from several local authorities. A local authority 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

1 See section 4.1 for information on Agence France Locale - Foncière, a subsidiary of AFL created in May 2024.

their loans contracted with AFL. This guarantee is organised to create solidarity between the member regional and local authorities 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:

- As a general rule, approximately 75% of the total amount of AFL borrowings issued on the markets is used to provide medium- and long-term loans to members;

- As a result, around 25% of the total debt issued by AFL on the markets is retained, both to ensure AFL's liquidity, in accordance with its regulatory obligations and best management practices, and 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 the Board of Directors. It was increased from €5 billion to €10 billion by the Board of Directors on 28 September 2018, then to €15 billion by the Board of Directors on 13 June 2022, and finally to €20 billion by a resolution of the Board of Directors on 11 June 2024. It covers all the commitments made by its subsidiary, AFL, to its beneficiary creditors. At 31 December 2024, the amount of guaranteed securities issued by AFL and corresponding to debt issues and financial transactions with counterparties, came to €14.5 billion.

This two-part mechanism allows the beneficiaries of these guarantees[2] to have both the option of (i) calling on the local authorities 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.

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 lending activities, for a period of twelve 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 12 months, with the possibility of extending it to 24 months over a maximum period of six months.

Regarding access to liquidity, it should be noted that AFL has a credit line with the Banque de France, available at any time, through the mobilisation of receivables from local authorities that AFL carries on its balance sheet, via the TRiCP (*Traitement Informatique des Créances Privées* - Data Processing of Private Claims) system.

1.3 A model for the benefit of local authorities

The purpose of the AFL Group: to embody responsible finance to strengthen the power of the local world to meet the present and future needs of residents.

The AFL Group was designed to better **serve its customers on three levels.**

[2] The guarantee models are accessible on the AFL Group's website: www.agence-France-locale.fr

Firstly, through AFL's unique status as shareholder borrower, which enables borrowers to ensure that their interests are at the heart of the AFL Group's objectives, through its position as shareholder of AFL-ST. AFL-ST's responsibility is to pursue the Group's strategy, defend the interests of all borrowers and pool each one's interests for the benefit of all local authorities.

Secondly, since its creation, AFL has chosen to implement on-line services that combine efficiency, security and speed with the objective of better meeting the needs of its member borrowers.

Lastly, a team dedicated to the relationships with local authorities sees to it that each of their specific expectations is met.

1.4 Rating of senior debt instruments issued by AFL

Since its creation, AFL has benefited from an excellent rating, which represents recognition of the solidity of the model that it embodies.

AFL's bond issuance programme (EMTN Program) is rated at the same level by the Standard & Poor's and Fitch Ratings rating agencies, whereby the latter has rated AFL since 4 September 2024 since AFL desired to withdraw the rating from Moody's after that date due to methodological reasons.

Rating/Rating agency	Fitch Ratings	Standard & Poor's[3]
Long term	AA-, negative outlook	AA-, negative outlook
Short-term rating	F1+, negative outlook	A-1+, negative outlook

The bonds issued as part of the EMTN Programme (the ***Securities****) may or may not be subject to a rating. The rating of the Securities, if applicable, will be specified in the Definitive Conditions of the Securities issue concerned. The rating of the Securities will not necessarily be identical to that of the EMTN Programme. A rating is not a recommendation to purchase, sell or hold Securities, and may be suspended, modified or withdrawn at any time by the rating agency concerned. As of the date of this report, Fitch Ratings and Standard & Poor's are rating agencies established in the European Union and registered in conformance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the* ***CRA Regulation****) and are on the list of credit rating agencies published on the website of the European Financial Markets Authority (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in conformance with the ANC Regulation. The ratings issued by Fitch Ratings and Standard & Poor's are endorsed, when applicable, by rating agencies established in the United Kingdom and registered in conformance with the CRA Regulation forming part of the laws applicable in the United Kingdom in application of the European Union (Withdrawal) Act 2018) (the* ***CRA Regulation of the United Kingdom****) or certified in application of the CRA Regulation of the United Kingdom.*

1.5 HQLA1 nature of the senior debt securities issued by AFL

The Supervisory Council of the ACPR adopted Decision no. 2024-C-18 on 21 June 2024 allowing municipalities, departments, regions and intercommunal cooperative public entities (EPCI) to be assimilated into the French central government with a separate tax status, as well as authorities governed by specific statue - which may be assimilated into the central government provided that they adhere to criteria specified in Regulation (EU) 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**) by virtue of article 10(1)(e)(ii) of the delegated Regulation (EU) 2015/61 of 10 October 2014, subject to the percentage of loans granted by AFL to assimilated regional and local authorities (**RGLA**) having to be

[3] After changing the outlook for France to negative on 28 February 2025, the rating agency Standard & Poor's also changed AFL's outlook to negative on 4 March 2025 while maintaining the rating of its debt at the AA- level.

permanently equal to or greater than 90% of the total outstanding loans[4]. As at 31 December 2024, this percentage was 91.4%.

[4] Notice 2024, Methods for calculating and publishing prudential ratios within the scope of the CRDIV and the MREL requirement (version dated 28 June 2024), ACPR.

1.6 General ESEF information

Name or other identifier of the reporting entity: Agence France Locale (AFL) – LEI No. 969500NM14UP001O8G47 - Lyon Trade Register No. 799 379 649
Explanation of changes to the name or other identifier of the reporting entity since the end of the previous reporting period: N/A
Country of the entity's registered office: France
Information on the legal structure under which the entity operates: Société anonyme (French public limited company) with a Management Board and Supervisory Board under French law.
Country of incorporation of the entity: France
Address of the entity's registered office: 112, rue Garibaldi, 69006 Lyon, France
Principal place of business of the entity: 112, rue Garibaldi, 69006 Lyon, France
Description of the nature of the entity's operations and its principal activities: see Part 2.
Name of the entity's parent company: Agence France Locale Société Territoriale
Name of the parent company of the group: Agence France Locale Société Territoriale
Information on the duration of the entity if constituted for a limited time: 99 years from the date of its registration in the Trade Register, i.e. until 23 December 2112, unless extended or dissolved early.

2. Review of activities for the 2024 financial year and highlights

2.1 Changes in the economic and financial environment

Economic and market update

Several phenomena characterised 2024.

- The first phenomenon was slowing of the European and Chinese economies and resiliency of the economic situation in the United States, in a context of a continued reduction in inflation at the global level. This situation translated into the start of a cycle of lowering rates, by the ECB starting in June 2024 and by the FED starting in September 2024. The ECB proceeded with four monetary easings during the period, thus bringing the overnight deposit rate from 4.5% to 3%. Between September and December 2024, the FED lowered rates three times, bringing the minimum refinancing rate from 5.5% to 4.5%.
  This easing did not call into question asset purchasing programmes by the two large monetary institutions, which have been markedly reactivated since the Covid pandemic in 2020.
  With the raw material price stability, particularly hydrocarbons, the market consensus at the end of the period is increasing in support of the ECB continuing to lower the prime rate, with more uncertainties with regard to the FED due to the strength of the American economy and the potential negative impact on inflation of an increase in customs duties.

- The second phenomenon was multiple instances of geopolitical instability, but the main conflicts remained limited. In effect, the Ukraine war became bogged down in 2024 with the troops immobilised in a trench war. Human losses and material damage are considerable and no end appears to be in sight. In the Middle East, the war is limited to a standoff between Israel and militias without direct intervention from external powers. The tension between North Korea and South Korea is at a very high level. However, neither of the protagonists wishes for this to turn into an armed conflict.

- The third phenomenon was a growing concern about the ability of European economies to address growth challenges, which brings to light the recession in Germany and the hesitation of its rulers to develop beyond an economic model heavily dependent on its exports and low-cost resources. This concern grew when the Draghi Report[5] on competitiveness in Europe, published in September 2024, raised an alarming fact about the stalling economy of the European Union in comparison to the United States and China, particularly due to a lack of

[5] The Future of European Competitiveness, Mario Draghi, September 2024

innovation and a loss of cumulative competitiveness since the 2000s. This report confirms the observations made in the Letta Report[6], published in April 2024, which particularly underscored the necessity of implementing a savings and investment union in order to retain the savings of Europeans on the continent.

- The last phenomenon was the capital markets and more specifically the Euro market. With record bond issuances in 2024, the Euro market once again demonstrated its ability to finance the European economy and the needs of its economic agents under good conditions. However, the concerns about the European economy, and more specifically about Germany and France, were reflected by a two-fold deterioration: firstly, that of Germany, of a systematic nature, which led to a devaluation of governmental and public agency debt from the Euro zone versus the swap curve, and secondly, that of France, where the public finances dramatically deteriorated resulting in a lowering of its rating[7] and a sharp increase in the French government's and the French public sector's cost of refinancing.

Financial position of local authorities

Based on the accounting position as at 31 December 2024 (core budget, DGFIP interim data to be finalised during the second quarter of 2025), all segments of local government authorities have been confronted by a complex budget equation, which saw a reduction their savings capacity reduced and their equipment effort maintained.

- **2024, a generalised deterioration in the accounts of local public authorities.** With actual operating expenses in 2024 (+4.8%, or +€9.1 billion) that grew twice as fast as the actual operating revenue (+2.4%, or+€5 billion), the gross savings saw a notable decrease (-16.1%) and were at €20.9 billion (Dec. 2023: €25 billion).
  The actual operating expenses increased sharply mainly due to the increase in personnel costs (+4.5%, or +€3.3 billion) and purchases and external charges (+9.4%, or +€3.1 billion). The increase in actual operating revenue is mainly due to the growth in tax revenue of 1.3% (€1.9 billion).
  After having decreased 29% in 2023, the net savings (gross savings less debt reimbursement) of local authorities contracted by 37.1% and was €7.2 billion (Dec. 2023: €11.4 billion).
  Contrary to 2023, during which only the departments and regions noted a deterioration in their financial health, in 2024, the budget deterioration was global and impacted the group communities equally.

- **In 2024, financial difficulties were concentrated in departments and regions.** The economic climate changed during the last year for the municipalities and their groupings, which considered globally. After having seen significant growth in their gross savings in 2023, they ended 2024 with a decrease (-5.5% and -3.5%, respectively).
  However, the municipalities had resisted the budgetary difficulties until then with self-funding that grew by more than 10% in 2023. There is a similar situation on the part of EPCIs. After having preserved an increase in savings, it fell for them as well (by 3.5%) in 2024.
  There is a more marked change for the departments, where the gross savings has been falling sharply for two years. The departments have continued to fall in the crisis, with a decrease of 49.3% in their gross savings (€3.2 billion vs. €6.3 billion at the end of 2023). After deducting debt repayments, the net savings (or self-funding) of the departments is no greater than €147 million at the end of 2024, while it was €8.4 billion two years earlier.
  Finally, the deterioration in gross savings observed in 2023 for the regions continued, but at a lesser pace (-5.9% after -11.8%).

- **Investment expenditures are still strong (+6.8%).** The contraction in the savings and self-funding capacity of the authorities did not stop local public investments from recording a growth of 6.8% in 2024 (€72.5 billion for the core budgets). Falling within the fourth year of the mandate - corresponding to an acceleration/finalisation of the projects initiated by the communal group - the municipalities' and their groupings' investment expenditures were strong (+9.4%). The regions also continued their equipment expenditures (+8.5%). On the other hand, the departments did not maintain their expenditure level in this area and recorded a reduction

[6] Much more than a market, Enrico Letta, 18 April 2024
[7] Fitch Ratings lowered France's rating on 28 April 2024; Standard & Poor's lowered it on 31 May 2024 and Moody's on 14 December 2024

in their investments of 2.4%. The combination of sustained equipment expenditures and lowered self-funding capacity is reflected in new mobilisation of cash. This amounted to €46.6 billion (-10%) or a decrease of €10.3 billion in two years. It is the departments and regions that mainly mobilised the cash (-28.6% and -35.1%, respectively).

Under these conditions, it is probable that, like the prior years, the indebtedness of local authorities has increased in 2024. However, this increase should remain moderate and allow the authorities to keep their level of indebtedness under control.

2.2 Loan origination

Medium and long-term loan origination by AFL in 2024 amounted to €1,964 million, compared with €1,907 million in 2023. The increase in origination volume underlined the strong growth dynamic to which AFL has been committed for several years, driven by a growing flow of new local authority members of the AFL Group.

The average maturity of medium- to long-term loans produced in 2024 was 18.7 years compared to 18.6 years in 2023, almost unchanged year-on-year.

In addition to medium- and long-term loans, €254 million cash loans were issued, compared with €344 million in 2023.

At the end of the financial year 2024, outstanding loans, expressed pursuant to French accounting standards, amounted to €8.575 billion in loans made available and €545 million in financing commitments, giving a total of €9.120 billion in signed commitments, which also included cash loans.

The increase in AFL's loan origination in 2024 took place in an environment in which local authority recourse to borrowing remained at a high level, driven by a recovery in investment spending by local authorities that began in 2020, which is partially explained by meeting the challenges of the ecological transition and the national low-carbon strategy.

2.3 Memberships

Continuous development

In 2024, 269 new local authorities joined the AFL Group. As an example, the department of Yvelines, the cities of Dijon, Nancy, Pessac and Evry-Courcouronnes and the conurbation community of Dembéni-Mamoudzou are among the new members. The subscriptions made during 2024 increased pledged capital by €34.6 million[8], bringing the total to €328 million.

At 31 December 2024, the share capital of AFL-ST was €264,976,700 and the share capital of AFL was €241,069,254.12.

At 31 December 2024, the AFL Group had 1,045 members, including 6 regions, 18 departments, 810 municipalities and 211 groupings, including 15 metropolises, 6 EPTs, 8 urban communities, 51 conurbation communities, 70 communities of municipalities and 61 trade unions.

The table below shows the breakdown of AFL-ST's share capital and voting rights by type of local authority, as of 31 December 2024 after the 42nd capital increase.

[8] The pledged capital refers to the amount of capital contributions voted by local authorities when they joined AFL-ST. For each local authority, the pledged 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.

Figures in € thousands	Number	Committed capital	Paid in capital	% of capital and voting powers
Region	6	68 187	45 434	17,15%
Department	18	59 878	42 703	16,12%
Municipalities	810	72 805	62 381	23,54%
Groupings	211	127 323	114 459	43,20%
Metropolises	*15*	*81 542*	*76 046*	*28,70%*
Territorial public entities	*6*	*6 077*	*6 077*	*2,29%*
Urban communities	*8*	*4 586*	*4 334*	*1,64%*
Suburban communities	*51*	*17 436*	*12 283*	*4,64%*
Municipality communities	*70*	*3 832*	*2 736*	*1,03%*
Other groupings	*61*	*13 851*	*12 983*	*4,90%*
TOTAL	**1045**	**328 194**	**264 977**	**100%**

At 31 December 2024, the share capital of AFL was €241,069,254.12 broken down as follows: Agence France Locale – Société Territoriale holds 2,558,643 shares (= number of voting rights) and Métropole de Lyon, one share in the capital of AFL. 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.

2.4 Sustainability

AFL is implementing a sustainability strategy that is grounded in its corporate purpose, which reflects the aims of its local authority founders and shareholders. This strategy is based on a roadmap structured in accordance with the recommendations of the TCFD (*Task Force on Climate Related Financial Disclosures).*

- AFL Group is strongly committed to supporting transitions by the local authorities. In 2024, the topic of the annual study developed by AFL with the students of CNFPT-INET was: "Faced with a shortage of water resources, how can financing be best directed to virtuous uses of the resource and network modernisation? ". The study was published in March 2024. Starting in the month of June, the incoming class at the school started work on the next study, which will be published in 2025. It concerns the topic of financing the conciliation of issues of reducing CO2 emissions in the transportation sector and reducing regional divisions. At the same time, AFL shared its analyses on regional climate vulnerability. Finally, AFL continued raising awareness among the local authorities of the role of tools like the green budget and the green annex to facilitate the commitment of all local players in the ecological transition and adaptation to climate change.
- AFL stands alongside local authorities by lending the financing they need on the best possible terms. To this end, AFL issues sustainable bonds on the financial markets. In 2024, AFL successfully issued a sustainable bond in the amount of €500 million.
- The AFL group has robust governance. AFL Group seeks to apply this governance in a way that puts local authorities at the heart of their bank's strategy, with powers, checks and balances that respect the roles of each partner, in full awareness of the issues of running a specialist credit institution, and best meets the challenges faced by the local public sector according to the highest standards of the bank. In 2024, AFL drafted an anti-corruption policy and implemented a whistleblower policy. With a will to control the environmental footprint of its activities, AFL continued conducting its carbon assessment in 2024.

2.5 The Company's financial market operations

- The Company's borrowing programme

AFL's medium - long term borrowing programme for 2024, approved by the Supervisory Board on 4 December 2023, and as revised by the Supervisory Board at the meeting on 27 March 2024, established a maximum amount of €3 billion (compared to €2.5 billion for the prior year), of which €500 million are allocated to prefinancing of the borrowing programme for 2024, and a maximum volume of draws under the ECP programme of €750 (compared to €500 million for the prior year).

- Bond issues as part of the EMTN programme

AFL has a bond issuance programme called "*Euro Medium Term Note Programme*" or also "*EMTN programme*", according to which it makes its bond issuances.

In 2024, AFL made two syndicated euro-denominated issues, with respective maturities of 10 and 8 years. The first issue, with a 10-year maturity and for an amount of €750 million, was made at a margin of 49 basis points above the OAT curve, and the second issue, with an 8-year maturity and for an amount of €500 million, in the format of sustainable bonds, was realised at a margin of 24 basis points above the OAT curve. To these two issues are added two contributions of €250 million each, the first one for the March 2034 bond issue at a margin of 22.7 basis points above the OAT curve, to raise it to €1 billion, and the second one for the June 2028 bond issue at a margin of 24.2 basis points above the OAT curve, to raise it to €1.25 billion. To this is added an initial issue denominated in Swiss francs in an amount of 110 million for 10 years and a new issue denominated in pounds sterling in an amount of 250 million for 3 years. Finally, AFL made 7 private placements for a total amount of €244 million, of which 6 private placements are redeemable at the option of AFL ("*callable*"). In general, private placements allow AFL to optimise its debt maturity profile and its financing costs.

With a weighted average margin of 32 basis points above the OAT curve (compared with 49 basis points in 2023) and a weighted average maturity of 7.5 years (compared to 8.5 years in 2023), the 2024 borrowing programme made it possible to raise resources over a wide range of maturities and on good terms, enabling AFL to maintain an adequate balance sheet and a competitive product offering to borrowers. We note the significant improvement in financing terms for AFL versus the OAT curve, which is partly the result of the alignment of AFL's rating with that of France, and partly due to the change in the classification of AFL's debt from HQLA-2A to HQLA-1, resulting in a significant widening of AFL's investor base and debt placement.

- Sustainable bond issues

In October 2024, AFL made a new benchmark sustainable bond issue (*sustainability bond*), in an amount of €500 million with a maturity of 8 years. With the obtainment of HQLA 1 status, this *benchmark* issue encountered very vibrant interest on the part of investors with the final order book reaching €1.4 billion, or a subscription of 2.8x the offer amount.

Since January 2020, AFL has had a sustainable bond issue mechanism in conformance with the ICMA (International Capital Market Association) principles with the objective of refinancing loans for local authorities that support investments in sectors contributing positively to the United Nations Sustainable Development Objectives.

- Issuance of super-subordinated debt intended to be recognised at AT1

On 17 December 2024, AFL issued perpetual fixed rate resettable deeply subordinated debt securities in a nominal amount of €50 million intended to be recognised as additional tier 1 equity capital of AFL and AFL Group. This issue has the objective of supporting AFL's development acceleration. With this transaction, AFL strengthens its capitalisation expressed as the "banking" leverage ratio and thus has a capital cushion with regard to its internal limits.

The transaction was sold to a small number of institutional investors located in France, Germany and Great Britain.

The securities received an A- rating by Standard & Poor's at the issue date.

- Money market issues as part of the ECP (Euro Commercial Paper) programme

AFL has a programme for the issuance of debt securities with maturities of less than one year called "*Euro Commercial Paper Programme*" or "*ECP Programme*", according to which it makes money market issues.

In the context of this programme, AFL made several ECP issues during the period, mainly in euros but also in foreign currencies, with a view to optimising its cash management.

These issues were made under favourable conditions at a rate lower than the ECB deposit rate.

Average outstanding ECP issues in 2024 amounted to €372 million.

2.6 Additional information

In 2024, AFL adopted a new Information Systems Master Plan for the period 2025-2030. This is the result of reflection on aligning the target information system with the AFL's major strategic considerations through 2030 and with the numerical targets in the business plan.
The increase in digitalisation of processes is the major factor in the Information Systems Master Plan to position technology and innovation at the core of the bank's operational model. The second priority issue in the Information Systems Master Plan consists of allowing AFL to become a "digitally responsible" bank, i.e. to integrate environmental, social and governance (ESG) criteria into all of the components of the Information System.

In 2024, AFL desired to strengthen its operational model by creating a new department within the General Secretariat, the Data, Processing and Reporting Department, whose objectives are to implement data governance, shared creation of regulatory reports, strategic prioritisation of major projects and the establishment and progressive creation of a company baseline.

2.7 Results of the past financial year – Key figures pursuant to IFRS standards

NBI for the financial year 2024 amounted to €23.886 million, compared with €23.213 million for the financial year 2023. This limited growth of 3% is explained by virtual stability of the net interest margin, which includes less income from liquidity reserve assets, particularly on deposits at the Bank of France. Combined with an increase in refinancing costs, this reduction in remuneration for the liquidity reserve translates into an increase in carrying cost. The net interest margin was €23.945 million compared to €24.118 at 31 December 2023, the capital gains on sales of liquidity reserve instruments was €493,000 compared to €540,000 at 31 December 2023, and finally the net hedge accounting result was -€793,000 compared to -€1.569 million at 31 December 2023.

General operating expenses for the period represented €14.816 million at 31 December 2024, compared with €14.513 million for the previous financial year, once restated for the application of the IFRIC[9] relating to software used in SaaS mode. After depreciation of €1.252 million, compared with €1.081 million at 31 December 2023, gross operating income was €7.818 million, compared with €7.619 million at 31 December 2023.

At 31 December 2024, AFL made a provision for ex-ante impairment for expected losses on financial assets under IFRS 9 for an amount of €378,000, compared with a net charge of €117,000 for the previous year.

This performance is explained by the following:

- The change in the weighting of macroeconomic scenarios underlying the provision calculation model, which includes the estimated impact of deterioration in the macroeconomic environment on all of AFL's commitments;
- For the loan exposures, after accounting for the revaluation of loan rates in macro-hedging, an increase of €36.9 million of phase 2 loans to €100.7 million versus €62.3 million at 31 December 2023; and
- With regard to the liquidity reserve assets, the increase in the amount of the securities portfolio.

In total, the stock of ex ante provisions stood at €1.536 million, compared to €1.158 million at 31 December 2023, corresponding to 1.5 basis points of outstanding amounts, compared with 1.3 basis points at 31 December 2023.

[9] IFRIC or IFRS Interpretations Committee: committee of the IASB (International Accounting Standard Board) responsible for interpreting IFRS international accounting standards.

This results in a net profit of €5.390 million at 31 December 2024 versus €5.738 million for 2023, thus confirming the AFL's strong resilience in a deteriorated economic and financial environment.

3. Significant events since the end of the financial year

3.1 Market operations

AFL's medium- and long-term borrowing program for 2025, approved by the Supervisory Board on 4 December 2024, was set at a maximum amount of €3 billion, to which is added an authorisation for draws under the ECP Programme in a maximum amount of €750 million.
Since the start of the year, AFL has made multiple bond issues under the EMTN programme, composed of 5 private placements including one private placement redeemable at AFL's option (*"callable"*), for a total of €120 million, and one issue denominated in Swiss francs for 10 years and in the amount of 100 million. In total, on 26 February 2025, €226 million was raised at a weighted average spread of 9 basis points over the OAT curve, with an average life of 9.2 years.

3.2 Capital increase

On 30 January 2025, AFL Group launched its 43rd capital increase, which closed on 13 March 2025. This new capital increase brought 57 new Member authorities into the Group, bringing the total number of Members to 1,101 and AFL-ST's share capital to €273,346,900. As a result, AFL's share capital is now 250,169,166.80 euros.

Among the new local authorities joining AFL through this capital increase are the conurbation community of the Region of Saint Nazaire, the City of d'Antony and the City of Gueugnon.

3.3 Capital markets situation

Since the start of the year, the capital markets have been characterised by the following factors: continued increase in equity markets in the world, increase in the volume of issues on the primary bond market, especially with regard to public sector issuers in the Euro zone; note that this phenomenon is not general but is rather limited to certain countries or certain issuers. In the absence of the role played for more than a decade by the Central Banks, and notably the ECB through its various securities purchase programmes (OMT, PSPP, PEPP, etc.), in the secondary market, lower demand, combined with an increase in supply evidently translates mechanically into a rise in the price of debt securities. Thus, the pressure on issue margins versus the swap curve continues, even if we note with pleasure that the issue margin is stable between France and Germany since France has a Government and a budget for 2025.

While the public issuer sector, and more specifically sovereign issuers, is under pressure, with a view toward additional recourse to indebtedness in order to address a coming increase in defence budgets, we continue to observe very high resilience in the banking sector. In effect, the credit spreads demanded by the markets on bank debt are close to their lowest levels, with the exception of covered bonds, which have ceased to benefit from the ECB's purchases on the primary market via its CBPP programme since 2023, so that their valuation has consequently been revised upwards. The slowing of economic activity in 2024 and the increase in company defaults does not seem to have weakened the balance sheets of the banks at this time, which are publishing excellent results for 2024.

These factors are operating in a context where the progression of interest rates shows signs of diverging on the other side of the Atlantic. As a result, during their first monetary policy meeting of the year, on 30 January 2025, the European Central Bank decided to continue its prime rate reduction policy, by lowering them by 0.25 basis points once again. In the United States, the trajectory is less certain going forward with regard to the frequency of rate decreases. Hence, the Federal Open Market Committee (FOMC), which held its first meeting of the year on 29 January 2025, decided to maintain the interest rates unchanged. It emphasised that the FED remains determined to bring down inflation to its goal of 2% while maintaining "full employment" and noted that the risks associated with realising its objectives regarding employment and inflation were currently balanced.

On 28 February 2025, the rating agency Standard & Poor's gave France a negative outlook while maintaining the rating of French debt at the AA- level. The negative outlook reflects the absence of a political consensus to tackle the budget deficits in a context of weak economic growth. As AFL's rating was limited to the increase of that of France, the rating agency Standard & Poor's also gave AFL's rating a negative outlook like all public issuers benefiting from the same rating as France.

4. Expected situation and future prospects

AFL has entered its 11th year of activity and, with the arrival of new local authority members, is continuing to develop a regular and rapid increase in loan origination and a high and stable equipment rate among its members, as a result of which the size of AFL's balance sheet will continue to grow rapidly during the next few years.

Already growing steadily in the years following the creation of AFL, new memberships have accelerated since 2020, exceeding 100 in 2022 and reaching 177 in 2023 and 269 in 2024. In this way, year after year, the increase in the origination of loans granted to its members generates greater recourse to refinancing by AFL on the capital markets.

Finally, due to the significant contribution by the local French authorities to the realisation of the national low-carbon strategy, they should continue to resort to borrowing at a high level to allow them to deploy their ambitious investment expenditures.

II. Balance sheet assets at 31 December 2024 (IFRS standards)

AFL's assets mainly consist of loans to local authorities, securities resulting from investing the liquidity reserve, AFL's bank accounts, margin calls made to swap counterparties and the fair value of hedging derivative instruments. At 31 December 2024, AFL's assets were for the most part loans to member local authorities. Deposits with the Banque de France constitute a buffer, resulting from several fundraisings during the period, pending future disbursements as part of the production of loans and the maturity of debt instruments. At 31 December 2024, the percentage of liquidity in relation to the total statement of financial position amounted to 17.5%, compared to 21% at 31 December 2023.

Extracts from the main asset items (IFRS)

In thousands of euros	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Loans and customer transactions	8 247 330	6 576 479	4 690 415
Securities at fair value through other comprehensive income	763 359	591 496	707 306
Securities held at amortized cost	465 424	329 201	256 891
Loans and receivables due from credit institution	194 798	71 509	93 151
Margin calls	55 670	103 784	177 604
Cash and central banks	485 842	975 130	1 134 411
Hedging derivative instruments	676 072	705 064	912 259

1. Loans granted to local authorities

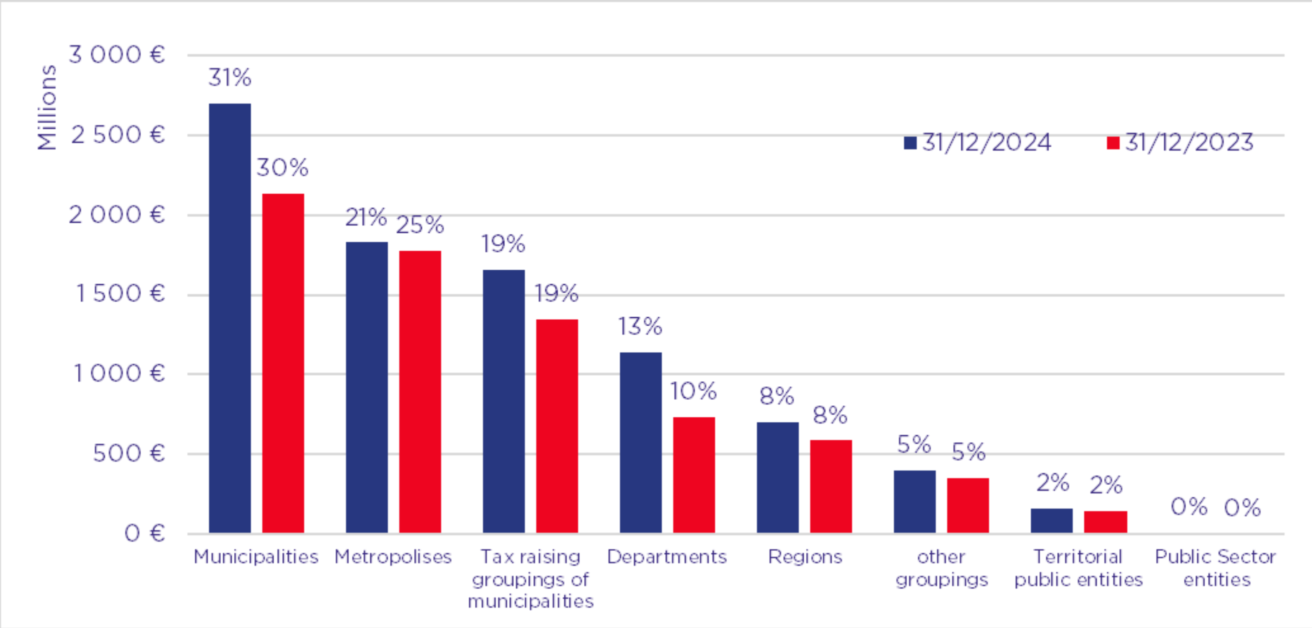
The loan portfolio, recorded on the assets side of AFL's balance sheet, recognised at amortised cost, represented an outstanding amount of €8.247 million at 31 December 2024, compared with €6.576 million at 31 December 2023, after taking into account the consequences of the changes in interest rates due to hedge accounting. This portfolio must be supplemented by loans signed but not disbursed and which appear off-balance sheet, in order to have an overall view of AFL's outstanding loans. At 31 December 2024, off-balance sheet financing commitments amounted to €545 million, versus €832 million at 31 December 2023. Thus, at 31 December 2024, AFL's total loan commitments to local authorities amounted to €8.792 billion, compared with €7.409 billion at 31 December 2023. This increase of 19% in outstanding loans during 2024 is explained by the record number of new memberships of local authorities and active origination of loans to the AFL member base.

The following graph shows the change in the outstanding loan portfolio.

Outstanding loans at 31 December 2024 (IFRS)

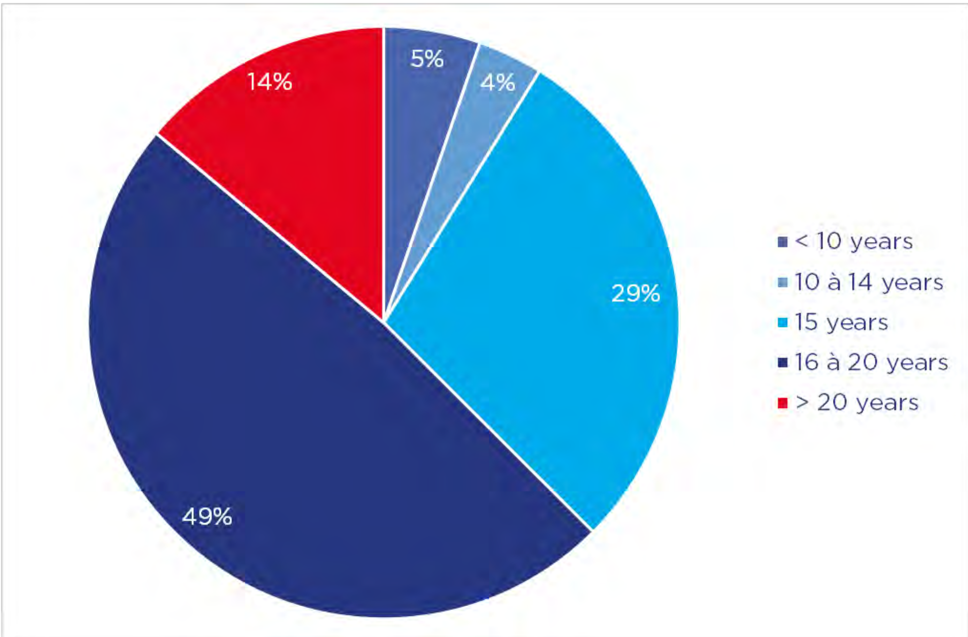
AFL lends exclusively to French local authorities, groups of local authorities and local public entities that are shareholders of AFL-ST. As indicated in the following graph on the breakdown of exposures by category of local authority in percentage terms and in millions of euros, the composition of the portfolio is very stable from one year to the next. At 31 December 2024, 74% of the loan portfolio constituted exposures to all the municipal groups compared to 76% at 31 December 2023, with 31% to municipalities versus 30% in 2023, 21% to metropolises versus 25% in 2023 and 19% to other groupings with separate tax status, which is the same level as in 2023. Exposures to the regions were also stable from one year to the next at 8%, as were the trade unions at 5%. The departments increased to 13% versus 10% in 2023 due to an increase in memberships in this category of local authorities during the two financial years.

Exposures by type of member (%)



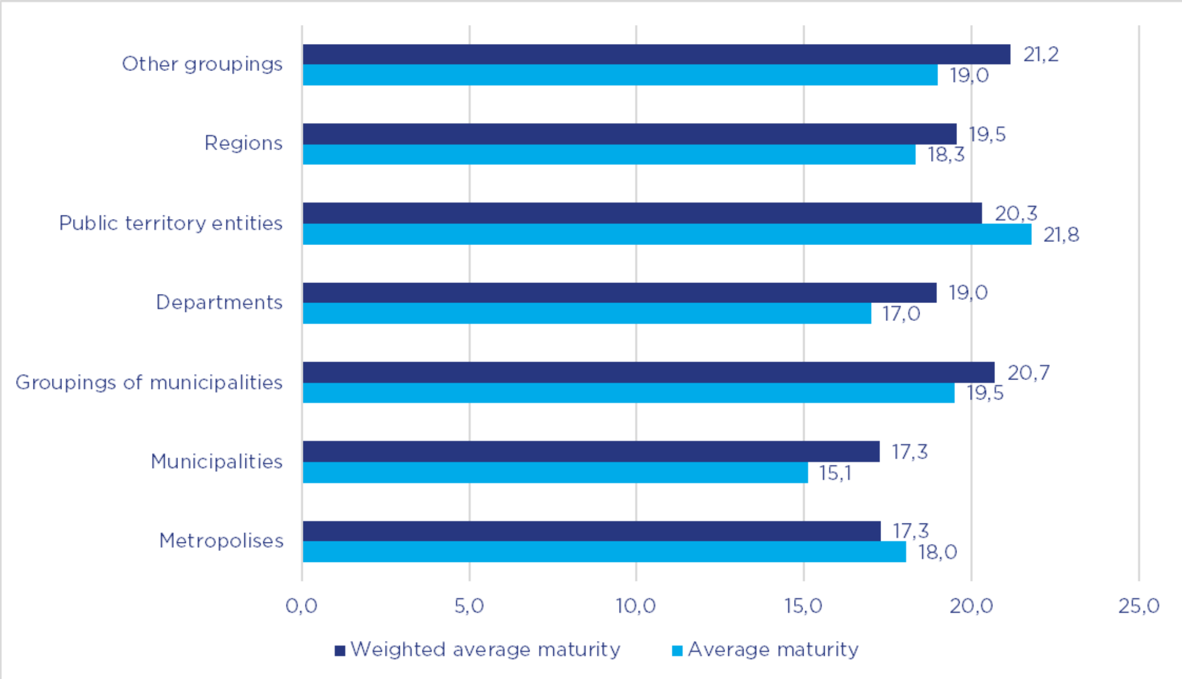
As shown in the chart below, 81% of the loans produced by AFL in 2024 have a maturity of between 10 and 20 years. This figure was 84% in 2023. 23% of the loans originated have a maturity of 15 years, versus 30% in 2023. 49% have a maturity between 16 and 20 years versus 51% in 2023, 5% of the originations were realised as loans of less than 10 years versus 4% in 2023, and 14% as loans for more than 20 years versus 12% in 2023. This breakdown shows rather high stability of average maturities of loans originated from one year to the next.

Breakdown of the origination of loans to local authorities by maturity in 2024



The graph below shows the average maturities and volume-weighted average maturities of AFL's loan production during 2024, as of 31 December 2024, by category of local authority. We observe a fairly high degree of homogeneity between categories, with a bias towards slightly longer maturities for trade unions and groups with their own tax status, excluding metropolitan areas, than for the regions, departments and municipalities.

Average maturity of loans originated in 2024 by local authority segment (in years)



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 bank, 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, with the primary objective of providing the liquidity required for lending activities and debt servicing, but also for margin calls that AFL may have to make as a result of its use of interest rate and exchange rate hedging instruments, in accordance with its financial policies and management objectives. This liquidity must be available regardless of market circumstances, with it being specified that the resources which may be mobilised by AFL are resources raised on the capital markets.

At 31 December 2024, the assets comprising the liquidity reserve amounted to €1.909 billion, compared with €1.967 billion at 31 December 2023. This liquidity reserve is divided into 2 main segments:

- A segment invested in very short-term instruments and consisting of debt securities, deposits on *nostri* accounts, term accounts and deposits with the Banque de France amounting to €681 million[10];
- A segment mainly but not exclusively consisting of securities benefiting from the HQLA label, due to their rating quality and high degree of liquidity, amounting to €1.229 billion[11].

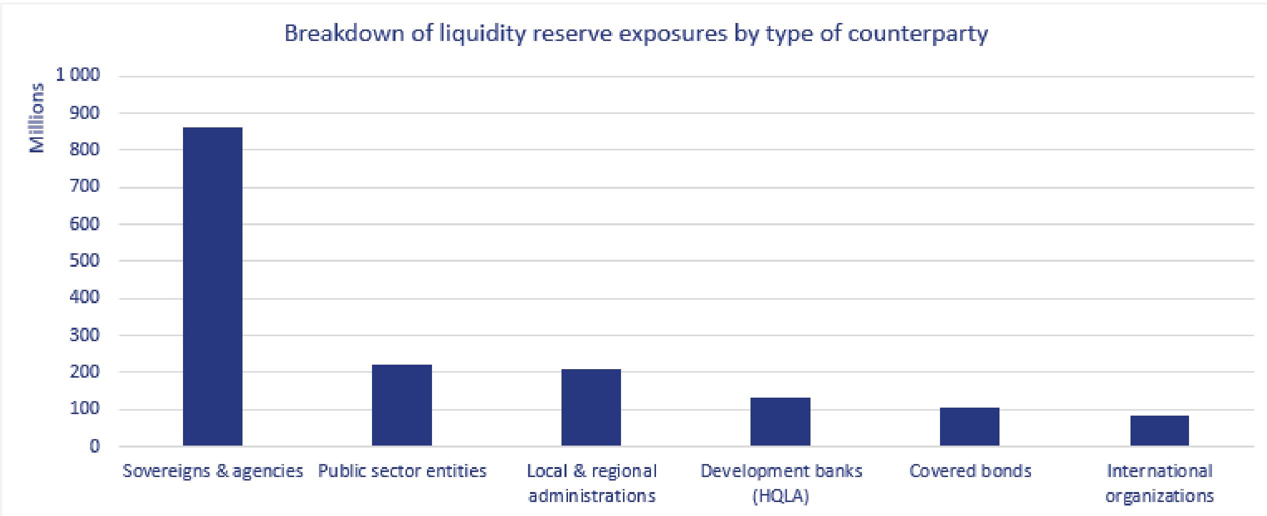
[10] €486 million in central bank deposits and €250 million in bank deposits, including €56 million in margin calls.
[11] €763 million of securities at fair value through equity and €465 million of securities at amortised cost.

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. At 31 December 2024, €1.583 million, or 82% of the liquidity reserve, consisted of HQLA assets, mainly sovereign and supranational issuers and public agencies or development banks. The remaining 18% principally represents *nostri* accounts, term deposits with banks, 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.

Breakdown of liquidity reserve by counterparty type[12]

Benefiting from the HQLA qualification at 31 December 2024

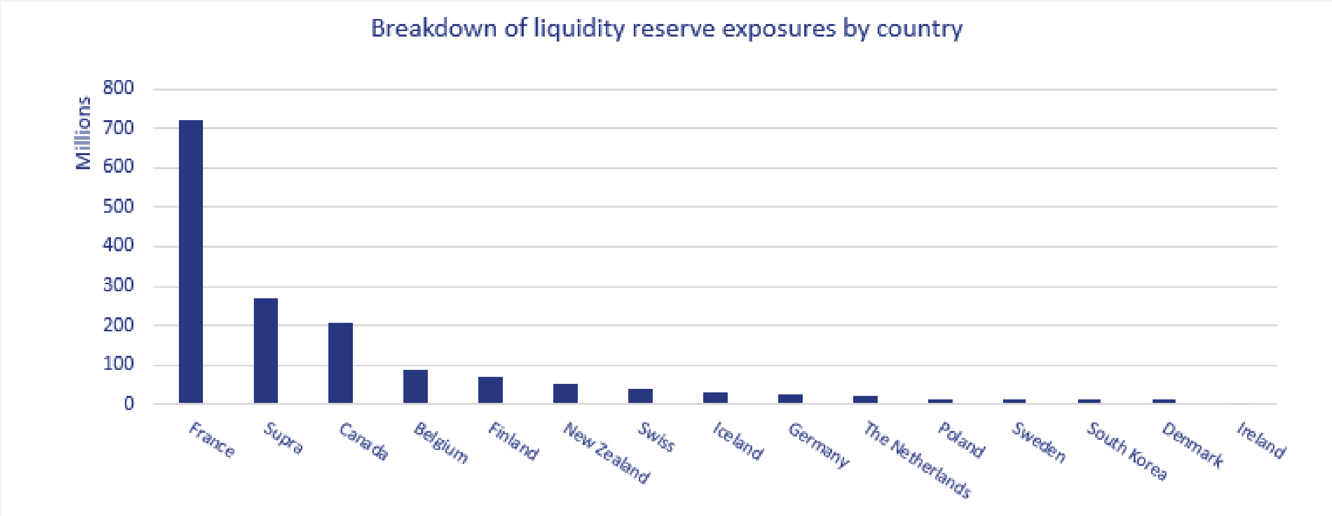


As shown in the following graph, the assets comprising the liquidity reserve relate mainly to French issuers but also include European and international issuers. France's high proportion is explained by deposits with the Banque de France, which account for €486 million out of a total of €1.909 billion.

Excluding deposits with the Banque de France, the liquidity reserve is highly diversified, notably the securities portfolio, which provides strong resilience under market conditions that are highly volatile. In 2024, the market faced a situation of growing uncertainty, especially with regard to the economic situation in Germany and the trajectory of public expenditures in France, which led to a reduction in the sovereign rating by the rating agencies Fitch Ratings, Standard & Poor's and Moody's.

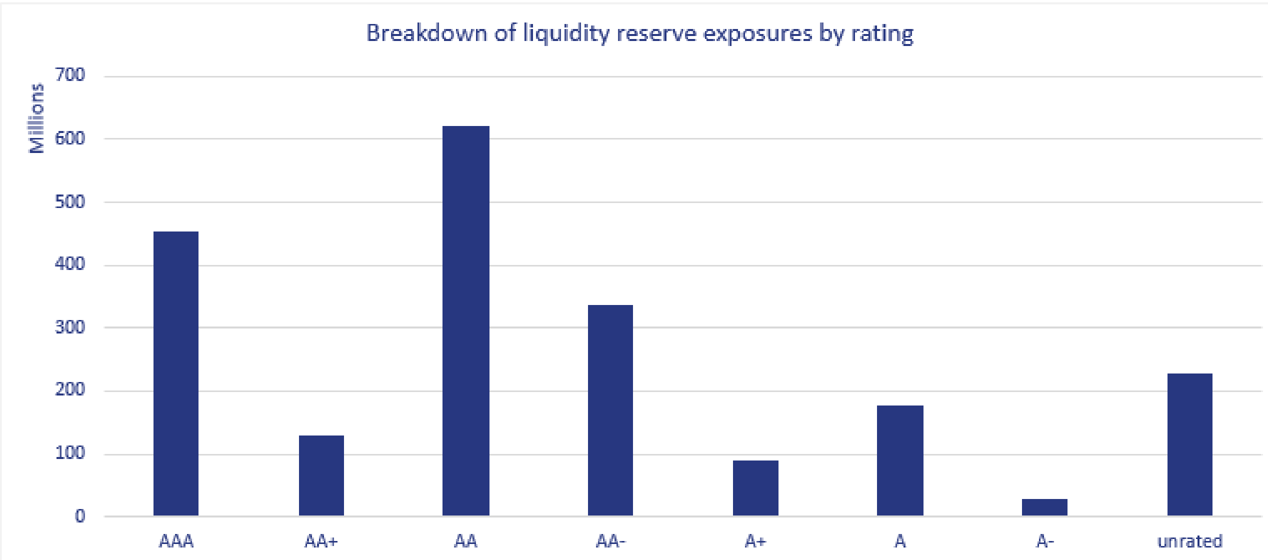
[12] "Public development credit institutions" (see the Delegated Act on the LCR liquidity coverage ratio, issued by the European Commission on 10 October 2014 and CRR2 published on 7 June 2019), represent a category of financial institutions eligible for the HQLA standard in view of its specific features.

Breakdown of liquidity reserve exposures by country, other than deposits in the Banque de France at 31 December 2024



The ratings of exposures carried by AFL in its liquidity reserve are very high. 79% of the exposures are rated AA- and higher. Unrated assets correspond to low-risk exposures to the public sector and to term deposits with the banking sector.

Breakdown of liquidity reserve exposures by rating, all assets, at 31 December 2024



3. Margin calls and valuations of hedging swaps

Excluding loans to local authorities and liquidity reserve assets, the balance of financial assets on AFL's balance sheet consists of margin calls relating to interest rate and currency hedging derivatives, which are paid to the clearing house, LCH Clearnet, and to market counterparties. These margin calls amounted to €55.7 million at 31 December 2024, compared with €103.8 million at 31 December 2023. AFL hedges its exposure to interest rate risk and exchange rate risk through the use of exchange hedging contracts (swaps). This results in the payment of margin calls as a function of the value of these hedging derivatives.

AFL clears almost all of its interest rate swaps with the clearing house LCH Clearnet, and executes its foreign exchange swaps with counterparty banks. In 2024, the margin calls paid by AFL are principally foreign exchange swaps contracted by AFL to hedge its currency exposures, and reflect the depreciation of the currency hedging derivatives.

Regarding deals settled through the clearing house, it is necessary to take into account the collateral deposits (IMR) hedged by securities, which totalled €68.6 million at 31 December 2024, compared to €61.2 million at 31 December 2023.

Margin calls received by AFL on interest rate swaps came to €211.7 million at 31 December 2024, compared with €133.3 million at 31 December 2023. This variation remains limited in comparison to the outstanding balance of interest rate hedging swaps.

At 31 December 2024, the fair value of AFL's hedging swaps was broken down as follows:

	Dec. 31 2024	
In thousands of euros	Notional	Market value
Interest rate swaps	17 404 561	170 944
Cross currency swaps	1 716 695	-13 282
Total	19 121 255	157 662

4. Securitisation

AFL has no exposure to securitisation.

5. Subsidiaries and shareholdings

5.1 Activities of Company subsidiaries and companies under its control

AFL created a subsidiary during the first half of 2024 in the form of a société anonyme simplifiée [simplified public limited company] (SASU).

This company, called Agence France Locale – Foncière, received capital of €12,500,000, and is wholly owned by AFL. Registered in the Lyon Trade and Company register (RCS) under number 929 596 583 since 6 June 2024, it has its current registered office at the premises of AFL (112 rue Garibaldi, 69006 Lyon).

Its main purpose is the acquisition of real estate for office use located in the Lyon - Part Dieu neighbourhood (Vertuo building) acquired by means of a sale before completion (VEFA). This is real estate undergoing full renovation of a very high environmental quality, which is particularly intended to house AFL's headquarters once the work is completed, which is expected to be in 2026. The two companies entered into a lease agreement in anticipation of completion (BEFA) on 21 October 2024. This subsidiary may also lease out part of the building to third parties.

5.2 Equity investments and takeovers

AFL did not obtain any participation in a company with its headquarters in France or abroad during the financial year ended 31 December 2024 other than its participation, in the amount of 100% of the capital, in Agence France Locale – Foncière at its creation, as specified in the previous section.

At 31 December 2024, AFL controls, within the meaning of article L.233-3 of the Commercial Code, only one company: Agence France Locale – Foncière specified in the previous section, which does not hold any stock in AFL. There were no treasury shares held by a controlled company.

5.3 Cross-shareholdings

AFL did not have to dispose of any shares in order to terminate the cross-shareholdings prohibited by Articles L.233-29 and L.233-30 of the French Commercial Code.

6. Indicator of returns on assets

Since AFL's net income at 31 December 2024 was positive under both French GAAP and IFRS, the return on assets was consequently positive. The growth in AFL's banking activities in 2024 led to a significant increase in outstanding loans to local authorities, for which interest received net of interest paid generated profits after taking into account current operating expenses and depreciation. This resulted in profitability of AFL's activities. In this way, at 31 December 2024, AFL's operating income after cost of risk as a proportion of shareholders' equity was 2.51%.

III. Balance sheet liabilities and debt management (IFRS)

AFL's liabilities consisted mainly of debts incurred in the context of bond issues since the start of AFL's activities that have not yet matured. At the end of the financial year ended 31 December 2024, outstanding debt, recorded at amortised cost, amounted to €8.262 billion, compared with €6.589 billion at 31 December 2023, after taking into account the impact of changes in interest rates since the issue date of these debt instruments, due to hedge accounting.

With regard to AFL's equity, after four capital increases during 2024, subscribed share capital reached €241.1 million, compared with €221.7 million at 31 December 2023. With the issuance of €50 million of deeply subordinated debt securities, the amount of equity according to IFRS was €296.5 million versus €208.1 million at 31 December 2023, or an increase of 42% thus strengthening AFL's balance sheet.

Extracts from the main liability items (IFRS)

In thousands of euros	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Debt securities issue	9 817 977	8 262 191	6 589 082
Equity	296 454	208 136	187 333

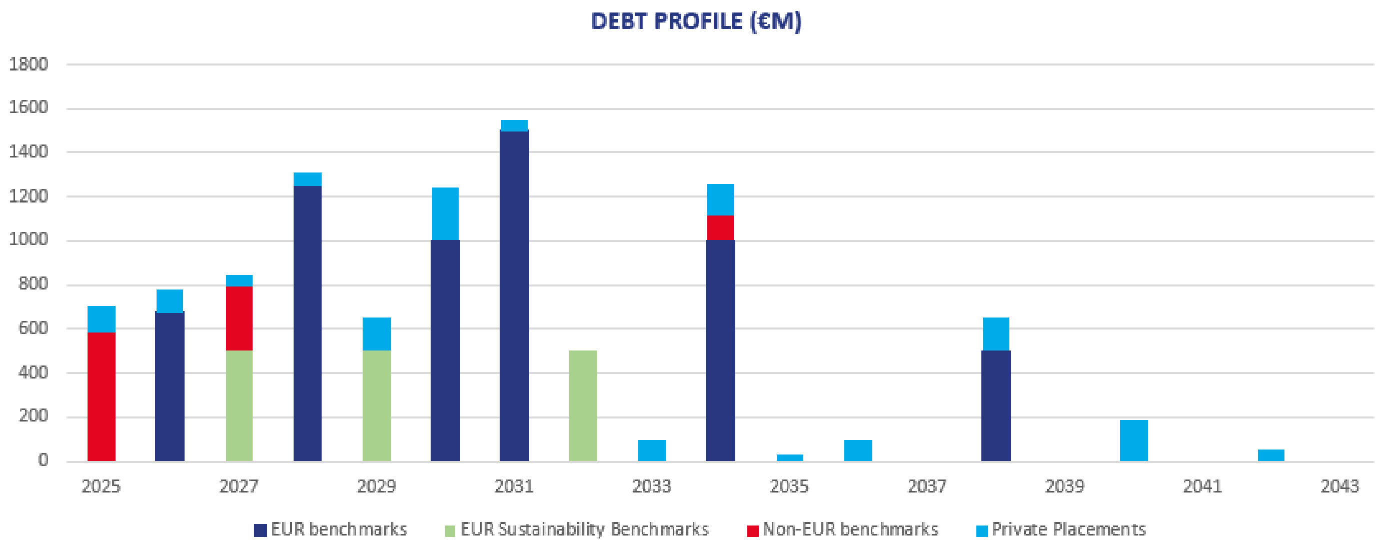
1. Financial debt of AFL

The debt portfolio recorded on the liabilities side of AFL's balance sheet, representing an outstanding amount of €9.818 billion at 31 December 2024, consisted of bonds issued by AFL to finance the growth of its lending activities and its liquidity reserve in the context of its financial policies. A significant part of this portfolio consisted of syndicated *benchmark* issues denominated in euros. To this is added bond issues denominated in foreign currencies with the goal of diversifying resources. Thus, in 2022, AFL made a first issue denominated in pounds sterling and, in 2024, a first issue denominated in Swiss francs. Finally, private placements were made to optimise AFL's financing cost and its balance sheet while meeting the specific demands of investors.

This mix of instruments and currencies reflects the implementation of AFL's issuance strategy, which consists of favouring syndicated benchmark-sized issues, denominated in euros, in order to establish AFL's signature on the markets and to ensure that it has the resources necessary for its development on a long-term basis, while at the same time making private placements denominated in euros or in foreign currencies, when demand permits. The distribution of the portfolio of syndicated euro-denominated issues is shown in the following graphs.

Geographical distribution and type of investor for AFL's euro-denominated issues

At 31 December 2024, the average maturity of AFL's bond debt was 6.2 years, compared with 5.9 years at 31 December 2023. The debt maturity profile is shown in the following graph:



2. Issue of deeply subordinated debt securities

In December 2024, AFL issued deeply subordinated debt securities intending to be recognised as additional tier 1 equity capital (*Additional Tier 1*), in a nominal amount of €50 million with the objective of allowing it to implement its business plan while strengthening its equity. These instruments will become eligible for tier 1 equity treatment once AFL, which currently benefits from an exemption under article 7 of Regulation (EU) 575/2013, as amended by Regulation (EU) 2019/876 (the **CRR II regulation**) is supervised equally at the AFL Group level and at the banking institution level.

3. Other liabilities

Margin calls received by AFL on interest rate swaps came to €211.7 million at 31 December 2024, compared with €133.3 million at 31 December 2023. This change is explained by a growing receivables position in 2024 on Euro interest rate swaps, which are essentially cleared by the LCH clearing house, and on exchange rate swaps regarding hedges of Swiss francs and pounds sterling.

4. Breakdown of accounts payable

The figures presented below refer to the composition at the end of the financial year ended 31 December 2024 of the balance of payables to AFL suppliers, in accordance with Article D. 441-4 of the

French Commercial Code.

It should be noted that given the nature of AFL's activities, the figures presented in the table only represent accounts payable, since AFL's accounts receivable result exclusively from the loan agreements described in paragraph II.1 above.

Breakdown of AFL's accounts payable (amounts including tax)

Total trade payables (including tax in euro)				
Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020
1 458 200	946 094	888 766	1 043 284	1 464 312

The following table indicates the number and amounts net of tax of supplier invoices received and not yet paid at the closing date of the financial year. Information on late payments is provided as a breakdown by late payment tranches, expressed as a percentage of the total amount of purchases and of revenues during the financial year. The benchmark terms of payment used to prepare this table are the contractual payment deadlines. It is seen from this table that AFL's supplier debt is characterised by a payment deadline of less than 30 days.

Invoices received and not paid as of December 31, 2022 which term is past due (excluding taxes in euros)						
	Article D.441-6 I, 1° : Invoices received and not paid at the end of the financial year and which term is past due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total invoices (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	44	-	-	-	2	2
Total amount of invoices concerned excl. Tax	746 678,68 €	-	-	-	173,27	173,27
Percentage of the total amount of purchases excl. Tax for the financial year	8,27%	-	-	-	0	0
Percentage of revenue excl. Tax for the financial year	3,31%	-	-	-	0	0
(B) Invoices excluded from (A) relating to disputed or unrecognised debts						
Number of invoices excluded	-	-	-	-	-	-
Amount of invoices excluded	-	-	-	-	-	-
(C) Reference payment period used (contractual or legal period - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual					

The following table shows the number and amounts net of tax of invoices relating to disputed or unrecognised payables and receivables.

Invoices overdue during the financial year						
	Article D.441-6 II : Invoices received having experienced a payment delay during the financial year					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total invoices (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	1178	18	6	3	12	39
Total amount of invoices concerned excl. tax	8 736 074 €	122 703 €	15 063 €	32 901 €	-39 003 €	131 664 €
Percentage of the total amount of purchases excl. tax for the financial year	98,52%	1,38%	0,17%	0,37%	-0,44%	1,48%
Percentage of revenue excl. Tax for the financial year	38,75%	0,54%	0,07%	0,15%	-0,17%	0,58%
(B) Invoices excluded from (A) relating to disputed or unrecognised debts						
Number of invoices excluded						
Amount of invoices excluded						
(C) Reference payment periods used (contractual or legal period – Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual					

IV. Net income for the period ended 31 December 2024

The reporting rules and accounting valuation methods comply with the regulations in effect.

The annual financial statements were prepared in accordance with French GAAP, unchanged from the previous financial year, and in accordance with the provisions of the general accounting plan for credit institutions. AFL has also voluntarily prepared financial accounts in accordance with IFRS principles for the financial year ended 31 December 2024, consolidated for the first time to include

AFL and its subsidiary Agence France Locale – Foncière, which are the subject of comments in this report.

Additional explanations are provided in the notes to the annual financial statements.

1. AFL financial statements under French GAAP

Key events of the past financial year

2024 was characterised by a new increase in the results related to loan activities, which is in line with AFL's development path according to its 2022-2026 strategic plan, the main targets of which were revised upward in 2023 and again in 2024. The revenue generation momentum from loan origination since 2015, when AFL began lending, is the result of the regular and continuous increase in the value of loans granted to member local authorities.

Medium and long-term loan origination by AFL in 2024 amounted to €1,964 million, compared with €1,907 million in 2023. This new increase is due to a number of significant new memberships, most often followed by a loan request, and generally, due to the sustained growth in investment expenditures by the local authorities in 2024, of which part is financed by borrowings.

At the end of the 2024 financial year, net banking income generated by the business amounted to €22.488 million, compared with €23.570 million for the 2023 financial year. This decrease in NBI of 5% according to the French GAAP is explained by the following factors:

- The significant increase in impairment charges for investment securities[13], which changed from €1.107 million at 31 December 2023 to €2.066 at 31 December 2024 due to the increase in unrealised losses during the period, along with the widening of the credit margin on the investment securities in the portfolio. This situation is the result of uncertainties on the capital markets, the specific situation in France regarding its indebtedness as well as the end of the ECB's securities purchasing programme.

- The net interest margin was basically unchanged, from €24.028 million at 31 December 2023 to €23.818 million at 31 December 2024, which is explained by the significant increase in the carrying cost of liquidity, and specifically on deposits in the Banque de France.

- There was a slight decrease in gains on sales of investment securities from management of the liquidity reserve, being €493,000 at 31 December 2024 versus €540,000 in 2023.

- Finally, there was a slight increase in net fees of €129,000, of which €123,000 is for non-usage fees, amounting to €227,000 at 31 December 2024 versus €98,000 in 2023.

The net interest margin of €23.818 million is attributable to three factors:

- First, the income from the loan portfolio amounted to €322.1 million after taking into account hedging effects, versus €221.6 million at 31 December 2023. This sharp increase is mainly due to the rapid rise in outstanding loans, but also at a higher average interest rate level.

- Secondly, the liquidity reserve income, which amounted to €98.2 million versus €84.2 million at 31 December 2023. This change is principally due to a higher average interest rate level in 2024 compared to 2023, with an unchanged amount of outstanding liquidity. However, it should be emphasised that the carrying cost of the liquidity has sharply risen in 2024 due to an increase in the debt cost, which was only partially offset by the increase in the return on the liquidity.

- Finally, the debt interest increased significantly to €396.5 million versus €281.7 million at 31 December 2023 due to the growth in the outstanding debt, but also at a higher average interest rate level.

[13] In accordance with the principle of prudence governing French accounting standards, impairments on investment securities were recorded in 2024. At the same time, these provisions cannot be taken as indicators of proven counterparty risk.

For the year ended 31 December 2024, general operating expenses amounted to €14.745 million, compared with €14.438 million for the previous year. These expenses include staff costs of €7.214 million, compared with €7.351 million at 31 December 2023, and administrative expenses of €7.531 million, compared with €7.087 million at 31 December 2023, after deducting rebillings between AFL and AFL-ST and deferred charges.

The increase in operating expenses may be explained by the following factors:

- External services, net of rebilling between AFL and AFL-ST and deferred charges, increased by €1.291 million to €7.013 million at 31 December 2024, compared with €5.722 million at 31 December 2023. The increases principally derived from IT system operating costs and an increase in advisory and consultant fees in AFL's various business areas.

- Taxes, levies and mandatory contributions decreased to €517,000 versus €1.364 million at 31 December 2023 due to the end of the AFL contribution to the Fonds de Résolution Unique [single resolution fund] (FRU). The main component of this item is the Contribution Sociale de Solidarité des Sociétés [company social solidarity contribution] (C3S) of €398,000 versus €258,000 for the 2023 financial year.

Depreciation and amortisation amounted to €1.191 million, which is the same amount as in 2023. These relate to a policy of regular and ambitious investments in AFL's IT infrastructure, but which is compatible with the size of its team and available resources. The investments made in 2024 covered adaptation of the credit chain, the data pool, the vendor/customer database and the development of regulatory reporting. In 2024, the amount of investments made was a little less than initially scheduled, thus leading to no change in the depreciation and amortisation.

After taxes on earnings in the amount of €772,000 at 31 December 2024 versus €406,000 in 2023, the net profit at 31 December 2024 amounts to €5.780 million versus €7.534 million in 2023. This decrease is primarily due to the increase in impairment charges on securities on account of the increase in unrealised losses in the portfolio of investment securities during the 2024 financial year. The increase in tax is due to complete settlement of AFL's tax deficit.

In accordance with practices of financial institutions for presenting their results, the following paragraph shows the formation of the profit for the year according to the IFRS benchmark. The difference between the French GAAP and IFRS benchmarks mainly concerns deferred tax assets not recognised under French GAAP, hedge accounting and the restatements relating to IFRS 16 on leases and incorporating AFL's subsidiary Agence France Locale – Foncière into its consolidated accounts.

Reconciliation of French GAAP accounts with IFRS standards

Transition from French GAAP to IFRS (in thousands of euros)	31-déc-24
Net profit under French GAAP	**5 718**
IFRS restatements	
Cancellation of provisions for unrealized losses on investment securities	2 066
Cancellation of AT1 interests	139
IFRS 9 impairment losses	-378
Hedging inefficiencies of financial instruments	-793
Deferred tax adjustments	-266
Other treatments	-1 097
Net profit under IFRS	5 390

2. AFL's consolidated accounts according to IFRS standards

Key events of the past financial year

2024 was characterised by a new increase in the results related to loan activities, which is in line with AFL's development path according to its 2022-2026 strategic plan, the main targets of which were revised upward in 2023 and again in 2024. The revenue generation momentum from loan origination since 2015, when AFL began lending, is the result of the regular and continuous increase in the value of loans granted to member local authorities.

Medium and long-term loan origination by AFL in 2024 amounted to €1.964 million, compared with €1.907 million in 2023. This new increase is due to a number of significant new memberships, most often followed by a loan request, and generally, due to the sustained growth in investment expenditures by the local authorities in 2024, of which part is financed by borrowings.

At the end of the 2024 financial year, net banking income generated by the business amounted to €23.886 million, compared with €23.213 million for the 2023 financial year. This limited increase according to IFRS is explained by the following factors:

- The net interest margin was basically unchanged, being €23.945 million at 31 December 2024 versus €24.118 million at 31 December 2023, which is explained by the significant increase in the carrying cost of liquidity, and specifically on deposits in the Banque de France, which had the effect of neutralising the increase in interest income generated by the increase in outstanding loan balances.

- There was a significant decrease in 2024 in the net loss from hedge accounting of balance sheet items, being -€793,000 versus -€1.569 million at 31 December 2023. The amount recorded in the profit and loss statement is mainly due to unrealised value differences between the hedged items and the hedging instruments.

- Finally, there was a slight decrease in gains on sales of investment securities from management of the liquidity reserve, being €493,000 at 31 December 2024 versus €540,000 in 2023.

- There was a slight increase in net fees of €129,000, of which €123,000 is for non-usage fees, amounting to €227,000 at 31 December 2024 versus €98,000 in 2023.

The net interest margin of €23.945 million is attributable to three factors:

- First, the income from the loan portfolio amounted to €322.1 million after taking into account hedging effects, versus €221.6 million at 31 December 2023. This sharp increase is mainly due to the rapid rise in outstanding loans, but also at a higher average interest rate level.

- Secondly, the liquidity reserve income, which amounted to €98.2 million versus €84.2 million at 31 December 2023. This change is principally due to a higher average interest rate level in 2024 compared to 2023, with an unchanged amount of outstanding liquidity. However, it should be emphasised that the carrying cost of the liquidity has sharply risen in 2024 due to an increase in the debt cost, which was only partially offset by the increase in the return on the liquidity.

- Finally, the debt interest increased significantly to €396.3 million versus €281.7 million at 31 December 2023 due to the growth in the outstanding debt, but also at a higher average interest rate level.

The net result of hedge accounting, which amounted to -€793,000, represents the sum of the fair value differences between the hedged items and their hedge. Of these fair value differences, -€1.073 million is related to micro-hedged assets and +€271,000 is related to micro-hedged liabilities.

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 €STR curve, and hedged items, discounted on a Euribor curve. According to IFRS standards, this led to the recognition of hedge ineffectiveness, which was recorded in the income statement. It should be noted that this was nevertheless an unrealised income item.

For the year ended 31 December 2024, general operating expenses amounted to €14.816 million, compared with €14.513 million at 31 December 2023, once restated for the application of IFRIC relating to software used in SaaS mode. These expenses include staff costs of €7.252 million, compared with €7.343 million at 31 December 2023. General operating expenses also included administrative expenses, which amounted to €7.564 million compared with €7.170 million at 31 December 2023, after deducting rebillings between AFL and AFL-ST.

The increase in operating expenses may be explained by the following factors:

- External services, net of rebilling between AFL and AFL-ST and deferred charges, increased by €1.241 million to €7.047 million at 31 December 2024, compared with €5.806 million at 31 December 2023. The increases principally derived from IT system operating costs and an increase in advisory and consultant fees in AFL's various business areas.

- Taxes, levies and mandatory contributions decreased to €517,000 versus €1.364 million at 31 December 2023 due to the end of the AFL contribution to the Fonds de Résolution Unique [single resolution fund] (FRU). The main component of this item is the Contribution Sociale de Solidarité des Sociétés [company social solidarity contribution] (C3S) of €398,000 versus €258,000 for the 2023 financial year.

At the end of the financial year, depreciation and amortisation amounted to €1.252 million, compared with €1.081 million at 31 December 2023, an increase of €171,000. The depreciation provisions for the period took into account the restatements resulting from the IFRIC ruling on the implementation costs of Information Systems, which has been applied since 1 January 2023.

Besides this regulatory impact, this change is mainly due to a policy of regular and ambitious investments in AFL's IT infrastructure, but which is compatible with the size of its team and available resources. The investments made in 2024 covered adaptation of the credit chain, the data pool, the vendor/customer database and the development of regulatory reporting. In 2024, the amount of investments made was a little less than initially scheduled.

After depreciation and amortisation, gross operating income at 31 December 2024 amounted to €7.818 million, compared with €7.619 million at 31 December 2023.

The cost of risk relating to ex-ante impairment for expected losses on financial assets under IFRS 9 amounted to -€378,000, while during the 2023 financial year there was a reversal of a provision of €117,000.

The result was an overall stock of IFRS 9 provisions of €1.536 million at 31 December 2024, compared with €1.158 million at 31 December 2023, corresponding to 1.5 basis points of outstanding loans, compared with 1.3 basis points at 31 December 2023. This reduction was the result of a change in the weighting of the macroeconomic scenarios underlying the provisioning calculation model, given that loans to local authorities and securities held in AFL's portfolio are low-risk by nature.

The tax expense of €2.049 million for 2024 represents the corporation tax in the amount of €772,000 and deferred tax expense of €1.278 million, of which €1.012 relates to the use of accumulated tax losses since the creation of AFL, for which the total amounted to €2.109 at 31 December 2024.

After tax, AFL ended the 2024 financial year with net income of €5.390 million, compared with €5.738 million at 31 December 2023.

3. Proposed allocation of net income

It was proposed that the entire net profit for the year ended 31 December 2024 (financial statements prepared in accordance with French GAAP) of €5,779,722.47 should be allocated to retained earnings.

4. Dividends distributed (Article 243 bis of the French General Tax Code)

No dividends were distributed during the financial year ending 31 December 2024 and none were distributed over the previous three financial years.

5. Non-tax-deductible expenses (Articles 39-4 and 39-5 of the French General Tax Code)

During the financial year ended 31 December 2024, AFL incurred the following non-deductible expenses, as defined by Articles 39-4 and 39-5 of the French General Tax Code:

- with regard to Article 39-4, €51,315 of expenditures related to non-deductible lease payments for passenger vehicles, giving rise to a tax charge based on these expenditures of €6,414; and
- with regard to Article 39-5, €25,252 of general expenses added back for tax purposes (which relate to provisions for retirement benefits).

V. Risk management

1. Risk appetite

Since its creation, the AFL Group has implemented a comprehensive risk management system, which aims to identify, measure, manage and control the risks of all kinds that affect its activity. This system covers all risks to which the AFL Group is subject.

Risk appetite represents the level of risk that the Group is prepared to take in order to be able to achieve its strategic objectives. The AFL Group's risk appetite is conservative; AFL, like comparable institutions in Northern Europe, conducts its lending activities to French local authorities while limiting the overall risks associated with its activity. Reviewed annually, the risk appetite is validated by AFL-ST's Board of Directors and AFL's Supervisory Board.

Risk appetite includes a risk management system based on limits and is translated into financial policies. The internal capital adequacy and liquidity assessment processes make it possible to assess the sensitivity of the AFL Group's risk situation to contingencies.

The AFL Group has a parent company, AFL-ST, which has a limited investment portfolio based on a prudent investment policy and strictly defined limits. Most of the activities and risks are located in AFL itself, which is the lending institution.

The main characteristics of the AFL Group's risk appetite are as follows:

1.1 Rating of French local authorities

Each local authority that is a member of AFL is rated before any loan is granted. The assessment of a member's credit quality is based on a quantitative rating based, on the one hand, on financial indicators and, on the other hand, on socio-economic indicators (**SE**). This quantitative rating, consisting of two scores, is applied to all credit applications and is used to obtain a system score. In addition, a qualitative analysis may be carried out depending on the risk profile or the amount granted.

AFL takes into account the environmental, social and governance (ESG) factors and risks likely to have an impact on the creditworthiness of borrowers in its lending policy, as follows:

- AFL takes social risks into account in its policy for granting loans via the rating, the SE impact of the rating of local authorities, incorporating social factors, such as the unemployment rate or per capita income;
- AFL takes governance risks into account in its credit granting policy via the rating. The qualitative approach developed for certain local authorities includes aspects of local authority governance, even though local public management is generally considered to be robust and stable due to a particularly restrictive legal and budgetary framework;
- In order to integrate the environmental factor into its lending policy, AFL has developed a Climate vulnerability index. At this stage, this index applies exclusively to municipalities. It allows for the incorporation of an assessment of the vulnerability of a local authority to climatic hazards.

1.2 Credit risk for French local authorities

All French local authorities - regions, departments, municipalities, their groupings and local public bodies regardless of their size - can join Agence France Locale, provided that they have a sound financial position. This financial position is assessed on the basis of an AFL internal rating system and, since May 2020, on the basis of two criteria established by decree.[14]

[14] Decree No. 2020-556 of 11 May 2020, relating to the application of Article L. 1611-3-2 of the General Local Authorities Code (see D.1611-41 of the Code).

The two criteria established by Decree for a local authority to join AFL are as follows:

- Its debt reduction capacity, calculated over the average of the last three years, must be less than 9 years for regions and single territorial authorities, 10 years for departments and the Metropolis of Lyon, and 12 years for municipalities, the City of Paris and local public groupings and establishments.
- If the first criterion does not meet the threshold of the Decree, its current cash flow, also calculated on the average of the last three years, must be less than 100%.

A local authority can only join Agence France Locale and receive loans from it if its financial score is between 1 and 5.99 inclusive; the financial score is calculated according to AFL's own methodology, validated by AFL-ST's Board of Directors on a scale ranging from 1 (best score) to 7.

1.3 The following limits govern the granting of a loan

AFL offers its members a range of simple loans: medium- and long-term fixed-rate or variable-rate loans over the entire term of the loan, with or without a mobilisation phase, and cash lines. The distribution of any structured product is prohibited.

Shareholder membership of AFL-ST is a necessary but not a sufficient condition for obtaining a loan from AFL. In particular, member local authorities with a final rating of 6 or more will not receive any loan from AFL.

The outstanding debt granted to a local authority by AFL is limited to an amount that may not exceed 80% of the total outstanding debt of the local authority (except for local authorities for which the amount of debt is less than €10 million) with a decreasing ceiling as a function of the rating.

The average rating weighted by the outstanding amounts of the loan portfolio must be less than 4.5.

The average maturity of the loan portfolio weighted by outstanding loans must be less than 20 years; on an exceptional basis, AFL will grant loans with a maturity of up to 30 years or even 40 years.

Within its risk appetite, AFL is committed to keep the percentage of loans below 10% that are granted to local authorities not weighted at 0%.

1.4 Credit risks linked to the liquidity reserve

The investment of securities in the liquidity reserve follows strict rules. The management of the liquidity reserve has two objectives:

- Ensuring AFL's liquidity under all circumstances, in order to be able to deal with all cash outflows relating to its banking activity, regardless of market conditions;
- Protecting AFL's earnings under risk management constraints, by preventing liquidity carrying from being impaired.

To this end, the liquidity reserve is mainly invested in bonds and money market securities issued by sovereigns, supranationals, public agencies and local authorities in the European Economic Area and North America, covered bonds, as well as in bank securities and deposits. Additional sources of diversification are possible to a limited extent:

- Investment in securities of the same sectors outside the European Economic Area and North America;
- Investment in the securities of other public sector issuers;
- Investment in securities of public sector issuers with less liquidity or which are not rated for a limited portion of the liquidity reserve.

Authorised issuers must have a rating of at least A- on the S&P scale.

The average life to maturity of the reserve is limited to three years. Depending on their category, rating and geographical area, the maximum maturity of eligible securities is variable and less than or equal to 10 years; this limit is 15 years for the best-rated securities, whose issuers belong to the sovereign, supranational and public agencies sector.

The main limits to which the management of the reserve is subject are as follows:

- Exposure to issuers not domiciled in the European Economic Area or North America is limited to 25% of the reserve;
- Exposures to banks (excluding those guaranteed by sovereigns) are limited to 30% of the liquidity reserve;
- Investment in covered bonds is limited to 25% of the reserve;
- Exposure to securities issued by public sector companies and entities is limited to 30% of the reserve;
- The liquidity reserve comprises a maximum of 25% of securities in foreign currencies;
- For liquidity purposes, at least 70% of the liquidity reserve is made up of assets of very high credit quality and very high liquidity (known as "HQLA" - "High Quality and Liquidity Assets");

This management, while defensive, cannot exclude the default of a counterparty or an issuer.

The hedging of interest rate risks in place leaves AFL exposed to the spread risk of securities in the reserve, reflecting changes in the credit risk of issuers. This risk is likely to weigh on the bank's regulatory prudential capital through the possible existence of unrealised capital losses.

1.5 Liquidity risk

As AFL refinancing is totally dependent on the financial markets, AFL has a particularly conservative liquidity policy. AFL's financial strategy in terms of liquidity is based on three areas, the purpose of which is to limit the three components of liquidity risk: illiquidity risk, financing risk and liquidity transformation risk:

- The establishment of a significant liquidity reserve:
  - AFL has a liquidity reserve at its disposal at all times, the size of which represents one year of activity. The tool used to measure this objective is the NCRR (or "Net Cash Requirement Ratio"), which verifies that the reserve of liquid assets is sufficient to meet foreseeable needs over a rolling 12-month horizon. The minimum that AFL intends to achieve is 100%, with a range of 80-125%.
  - In order to secure the repayment of future medium- and long-term issues three months in advance, AFL undertakes to hold an amount of cash in its Banque de France account, corresponding to the debt repayments for the period net of certain cash inflows.
  - At the same time, the regulatory LCR ratio must be respected ("Liquidity Coverage Ratio"); this makes it possible to verify that AFL's reserve will allow it to meet its 30-day liquidity requirements under stress assumptions. The regulatory requirement is 100%.

- A diversified financing strategy:

  - Agence France Locale pursues an issuance strategy that aims to diversify its sources of financing by type of investor, maturity, geographical area and currency in order to avoid any excessive concentration of refinancing falls and to limit its financing risk. These issues mainly comprise bonds traded on a regulated market, in the form of *benchmarks* or private placements, under an EMTN (*Euro Medium Term Note*) programme, but also, and to a lesser extent, money market negotiable debt securities, under an ECP (*Euro Commercial Paper*) programme. AFL may also issue debt repayable before maturity for a maximum of 10% of its liabilities.

- Limiting transformation risk in the statement of financial position:
  - The statement of financial position includes amortisable loans on its assets side and debts on its liabilities side, in both cases hedged against interest and exchange rates. Unlike the loans on the assets side, the debts on the liabilities side are not amortisable, so that AFL is subject to a transformation risk or price risk in liquidity. AFL severely limits its transformation risk, measured by two ratios:
  - The average duration gap corresponds to the average maturity gap between assets and liabilities and measures the transformation practised by AFL; the activity is steered to limit this gap to one year. The 12-month limit may nevertheless be exceeded, for example during peaks in loan origination. These overshoots must be temporary and limited to a period of no more than 6 months from the date on which the overshoot is recorded. In such cases, the average duration gap must never exceed 24 months.
  - The "Net Stable Funding Ratio" or "NSFR" compares AFL's stable funding (at more than 12 months) to long-term funding requirements. The regulatory requirement is 100%.

- In addition, over a 20-year period, the nominal value of loans granted by AFL after amortisation must not exceed the amount of ICCs promised.

This policy, while conservative, cannot fully protect AFL against liquidity risks. It remains sensitive, for example, to refinancing risk, i.e. the risk of not being able to raise resources at competitive levels for long maturities, or to the liquidity risk associated with the margin calls inherent to the hedging derivatives required for its hedging policy.

1.6 Interest rate and foreign exchange risks

AFL seeks to ensure that the income generated by its activity or its equity capital is not sensitive to interest rates or exchange rates. To this end, AFL has implemented a quasi-systematic policy of hedging its statement of financial position instruments via derivatives.

The systematic subscription, at the time of issues or investments in currencies, of currency swaps (mirror contracts) reduces the entire AFL statement of financial position to a single exposure to the euro.

AFL hedges almost all fixed-rate items on its balance sheet to variable rates against either a 3-month Euribor benchmark or, to a limited extent, an €STR basis by arranging interest-rate swaps, with the exception of an unhedged exposure envelope, which notably includes fixed-rate loans, certain bridging loans, certain securities in the reserve and a liability envelope of unhedged debts issued by AFL.

These policies enable AFL to limit the sensitivity of its income and equity capital to changes in interest rates or exchange rates to a large extent, albeit without completely eliminating its sensitivity. In particular, the balance sheet remains sensitive to changes in interest rates when these are in negative territory, to the accounting ineffectiveness of the hedges implemented, to the basis risks between the different rates to which the balance sheet items remain exposed, and to a fixing risk linked to the different fixing dates of the variable rates on its balance sheet. They also have the effect of transforming the foreign exchange or interest rate risks to which AFL is initially exposed into a counterparty risk, due to the resulting exposures on the counterparties of the swap contracts and a liquidity risk linked to margin calls. The counterparty risk associated with hedging transactions is mainly limited by the fact that exposures related to these hedging transactions are collateralised to the first euro and by the fact that a large proportion of these transactions are processed through a clearing house.

Sensitivity to interest rate risk is controlled by the regulatory indicator of the sensitivity of the net present value of AFL's economic value to a change in interest rates and by the indicator of the sensitivity of the Group's net interest margin to a change in interest rates.

In the event of a rise or fall of 2% in interest rates, the change in the AFL Group's net present value must not exceed 15% of prudential capital.

In the event of a rise or fall of 2% in interest rates, the change in the AFL Group's net interest margin must not exceed 5% of prudential capital.

1.7 Non-financial risks

The non-financial risks to which AFL is exposed consist of operational risks (loss related to a defect in processes, people, systems or external events), non-compliance risk, legal risk and reputational risk.

Due to its public banking model, AFL has a very low appetite for all of these non-financial risks. This very low appetite does not prevent the possible materialisation of non-financial risks, which are inseparable from the completion of AFL transactions, particularly in the context of a sharp increase in volumes traded.

In order to illustrate this appetite for non-financial risks of AFL, the following points shall be highlighted:

AFL has set itself the objective of setting the deductible of its main insurance policies as a percentage of its net banking income, while ensuring coverage of a majority of the types of feared events that could lead to extreme losses, within the limit of a ceiling.

In accordance with regulations, AFL has set up a system for the systematic analysis of operational incidents, which provides for the reporting of significant incidents to the supervisory bodies according to criteria set by them and reviewed every year. The threshold for reporting significant incidents is set at €1 million, in line with the minimum level required by the regulations.

Calculated according to the standard regulatory approach, the equity capital requirement for operational risk represents 15% of the average of its regulatory benchmark indicators over the last three years and amounted to €3.2 million at 31 December 2024.

1.8 Minimum capital ratio requirements

In order to provide sufficient capital, the AFL Group commits to adhere to a minimum level of equity. In particular, the AFL Group is committed to maintaining a leverage ratio above 2.25%.

2. 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, updated in 2024, assesses the criticality of risks, i.e., their severity in terms of operational, financial, legal/regulatory and reputational impact, as well as the likelihood of their occurrence, after taking into account the action plans put in place.

The risks specific to the business are presented by main categories, in accordance with Article 16 of Regulation (EU) No. 2017/1129, termed "Prospectus 3" of 14 June 2017, as amended.

Within each of the risk categories mentioned below, the risk factors that AFL considers to be the most significant at the date of this report are mentioned first. The exposure figures presented provide information on AFL's degree of exposure but are not necessarily representative of future risk trends.

2.1 Strategic risks

The economic, financial and political contexts in markets where AFL operates or raises capital may have a significant impact on AFL's financial position and net income

AFL, which is a specialised credit institution serving French local authorities 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.

As at December 2024, there are multiple geopolitical tensions and the conflicts remain limited. Present in Ukraine, in the Middle East or between South Korea and North Korea, these tensions give witness to divisions in the world between groups holding opposing viewpoints. 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 2024, due to vigorous monetary policies deployed by the ECB since 2022, overall French inflation continued to decline on an average annual basis: it fell to 2% in December 2024 according to the INSEE in an environment where growth and employment forecasts are weakening. This situation led to the start of a rate-lowering cycle by the ECB, starting in June 2024. This resulted in four monetary easings during the period, thus bringing the overnight deposit rate down from 4.5% to 3%. The interest rate decrease could weigh on AFL's capital ratios and net interest margin, even though the latter is largely insensitive to interest rates.

In 2024, the concerns about the European economy, and more specifically about Germany and France, were reflected by a two-fold deterioration: firstly, that of borrowing costs of Germany driven by expected increasing funding needs resulting into increasing borrowing costs versus swap of European sovereigns and public agencies and secondly, that of France, where the public finances dramatically deteriorated resulting in a lowering of its rating[15] and a sharp increase in the French government's and the French public sector's cost of financing. This situation, combined with a complex political context with the 2025 budget being voted on as late as February 2025, weighs on AFL's refinancing cost, calls

[15] Fitch Ratings lowered France's rating on 28 April 2024; Standard & Poor's lowered it on 31 May 2024 and Moody's on 14 December 2024. Standard & Poor's gave France a negative outlook on 28 February 2025.

into question France's ability to pursue the necessary structural reforms to reduce its deficit, and undermines the credibility of the proposed recovery paths.

In this context, a new deterioration in the French government's refinancing cost or a decrease in its rating cannot be excluded; with regard to the AFL ratings by Standard & Poor's and Fitch Ratings, given that they are aligned to the rating of France, such a decrease would automatically lead to a decrease in the AFL rating as well. The consequence could be higher borrowing costs for AFL, which would weigh on profitability if these costs cannot be passed on to the borrowers.

The financial situation of local authorities - AFL's sole borrowers - is expected to weaken in 2024, especially for the departments and regions. In 2025, the budget effort demanded of the local authorities is sizeable and could weaken the authorities that are already having difficulties or small in size. The financial situation of the local authorities could continue to deteriorate in the years to come. While this deterioration is structurally limited - the Golden Rule is that French local authorities must redeem their loans with their operating surplus - it may, however, cause AFL's impairments to increase, or even lead to a member defaulting on its obligations with regards to AFL, or on its obligations with regards to the Member Guarantee mentioned in the 2.2 risk factor.

Broadly speaking, AFL's exposure to the French local public sector exposes the entity to risks arising from the economic and social situation in France, which may weigh on local authority budgets, and to risks arising from changes in public policies (local or national) regarding local authority funding, which are likely to restrict the borrowing capacity of member local authorities and lower their budgets. Both factors could significantly affect AFL's loan origination and its earnings.

The competitive environment could affect AFL's activities and it may not stimulate the expected interest among local authorities. AFL carries out these activities for the exclusive benefit of its member local authorities and therefore has no diversification ambitions.

Existing and/or growing competition in the local public sector financing market, notably resulting from players such as the LBP-SFIL-CAFFIL-CDC group, the EIB, the BPCE group and the Crédit Agricole group, 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 law and addresses the strong and consistent demand in recent years from a large number of local authorities, the development of AFL's activities depends on the added-value of the model deployed for local authorities.

Development could be hindered by the reluctance of local authorities to become members of the Agence France Locale 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 among local authorities could delay the acquisition by AFL of the equity capital necessary for the development of its activity, and in the absence of sufficient ICC payments, could hinder credit growth or even jeopardise its future. This risk is higher in periods of high reliance on credit which would require AFL to hold substantial equity capital to meet its members' demand for loans. In 2024, AFL accounted for a market share estimated at nearly 40% of its members' financing needs.

In accordance with Article L. 1611-3-2 of the French General Local and Regional Authorities Code, AFL carries out these activities for the exclusive benefit of its member local authorities and hence has no diversification ambitions. Although the number of local authority members of the Agence France Locale Group has grown consistently, if the market for funding local authorities loses its appeal, AFL may not be able to develop an alternative activity, which could call into question its continuity.

AFL is supervised by the Autorité de Contrôle Prudentiel et de Résolution and is subject to a constantly evolving regulatory framework, which could have an impact on its financial situation.

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.

Regulatory changes 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 (the "**RRD**"), and Regulation No. 806/2014 of 15 July 2014, as amended by Regulation (EU) 2019/877 of 20 May 2019 on the single resolution mechanism (the "**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 the notes) 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 level of minimum capital requirements and eligible liabilities of each lending institution is determined by the Resolution Council on the basis of the following criteria: the need for the resolution measures taken to satisfy in full the objectives of the resolution; the need, where applicable, for the lending institution to have a sufficient amount of eligible commitments to ensure that losses can be absorbed and that the basic equity capital requirement of the lending institution subject to a resolution procedure can be brought to the level necessary for it to continue to fulfil the conditions of its authorisation and to carry out the activities for which it was authorised and to ensure that the markets have sufficient confidence in this lending institution; the size, business model, financing model and risk profile of the lending institution; the negative effects on the financial stability of the default of the lending institution in question, due, in particular, to the contagion effect resulting from its interconnection with other institutions or with the rest of the financial system.

On 22 December 2023, the ACPR confirmed the Agence France Locale Group's obligation to hold capital which permitted it to comply with a total prudential capital requirement of 9.25%, including the minimum capital requirement of 8% and an additional capital requirement, known as Pillar 2, of 1.25%. In addition, AFL Group is required in principle to hold capital enabling it to meet the capital conservation buffer requirement set at 2.5%. The countercyclical buffer rate applicable to French exposures since 2 January 2024 is 1%.

Due in particular to its risk profile and its activity, the liquidation strategy has been selected as the resolution strategy for the AFL Group, the MREL requirement is thus set at 11.75%, limited to the amount of absorption losses, calculated as the sum of capital requirements. At 31 December 2024, prudential capital amounted to € 247.8 million. Given the credit quality of the assets carried by the Agence France Locale Group, the solvency ratio (CET1) reached 63% on a consolidated basis as of 31 December 2024.

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.

2.2 Financial risks

AFL is exposed to three types of liquidity risk

Liquidity price risk: this is the risk of a deterioration in the refinancing conditions of certain assets that could generate a loss in net banking income due to a mismatch between the maturity of refinanced assets and that of the liabilities; this mismatch most commonly occurs with assets with a longer maturity than the liabilities. At 31 December 2024, the average maturity difference between AFL's assets and liabilities was 1.36 years and the NSFR ratio was 220%.

Financing risk: this is 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. At 31 December 2024, AFL had a liquidity reserve of €1.9 billion, corresponding to an NCRR ratio of 90%. The regulatory 30-day liquidity ratio (LCR) was 447% as at 31 December 2024.

Illiquidity risk: this is the risk of a disruption in short-term cash flow, notably linked to the risk that AFL may be unable to sell an asset on a market without suffering an impairment loss. At 31 December 2024, for the portfolio of financial assets at fair value through equity alone - the net balance sheet value of which was €763 million - the impact of gains and losses recognised directly in equity stood at -€6.2 million, net of deferred tax.

It should be highlighted that AFL's liabilities do not consist of overnight deposits but of market resources.

AFL has access to TRiCP (TRaitement Informatique des Créances Privées) [IT processing of private receivables], which provides it with a credit line from the Banque de France that is available at any time, by mobilising its medium- to long-term loans. 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.

A deterioration in macroeconomic conditions (refer to risk factors "*The economic, financial and political context of the markets where AFL carries out its activities or obtains funding may have a significant impact on AFL's financial situation and on its results"*) or a lack of interest on the part of local authorities in the products offered by AFL (refer to the risk factor *"The competitive environment could affect AFL's activities. It may not stimulate the expected interest among local authorities. AFL carries out these activities for the exclusive benefit of member local authorities and therefore has not diversification ambitions*"), or an operational loss could further lead to a decrease in AFL's rating affecting its access to funding, which would have an impact on its financial situation.

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

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 micro-hedging or quasi-systematic macro-hedging of AFL debts, loans granted by AFL and securities held in the liquidity reserve to transform them into variable-rate instruments indexed to the 3-month Euribor reference, or debts issued by the Issuer to transform them into variable-rate instruments indexed to the €STR benchmark, using interest rate swaps. The hedge in place protects AFL against a uniform rise in the yield curve and the basic risk associated with the indexation of certain parts of its balance sheet against €STR; it generates a liquidity risk, depending on changes in rates, due to margin calls, as well as a credit risk on the banks that are counterparties to the swaps or the clearing house LCH Clearnet. It does not cover the risk of adverse changes in credit spreads due to the fact that the credit spread of exposures to AFL assets does not change in line with the AFL spread.

At 31 December 2024, the interest rate hedging strategy resulted in notional swaps outstanding of €19.12 billion. Margin calls received net of margin calls paid by way of interest rate derivatives amounted to €169.6 million.

The Group nevertheless remains exposed to interest rate risk, particularly if part of AFL's equity is used for loans granted to local authorities that are not hedged against interest rates, if short-term positions are not hedged against interest rates, in the event of an indexation gap between part of AFL's Banque de France overnight deposits and the bank's liabilities, or of a gap between the fixing dates of interest rate indices among balance sheet items. There also remains exposure to the risk of unfavorable changes in credit spreads.

Consequently, interest rate or credit spread changes could have a negative impact on AFL's net present value or on its future results.

At December 31, 2024, the decrease in the net present value (NPV) of AFL's equity capital was 6.9% assuming a parallel shift of the yield curve of 200 basis points, which is less than the threshold of 15%.

NVP sensitivity - "Old Outlier Test" (% own funds)			
Scénario de taux	**Dec. 31 2024**	**Dec. 31 2023**	**Limit**
Parallel shock up + 100 bps	-7,0%	-6,9%	15,00%
Parallel shock up + 200 bps	-3,6%	-3,6%	15,00%
Parallel shock down -100 bps	3,9%	4,0%	15,00%
Parallel shock down -100 bps with floor	3,9%	4,0%	15,00%
Parallel shock down -200 bps	9,3%	9,6%	15,00%
Parallel shock down -200 bps with floor	9,3%	9,6%	15,00%

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 at 31 December 2024.

NPV sensitivity - 6 BCBS shocks from IRRBB (% own funds)			
Scénario de taux	**Dec. 31 2024**	**Dec. 31 2023**	**Limit**
Parallel shock up + 200 bps	-7,0%	-6,9%	15,00%
Parallel shock down - 200 bps	9,3%	9,6%	15,00%
Short rates shock up	-1,1%	0,0%	15,00%
Short rates shock down	1,6%	0,1%	15,00%
Steepener shock	-2,2%	-3,3%	15,00%
Flattener shock	1,1%	2,3%	15,00%

As indicated in the table below, at 31 December 2024, for parallel shocks of between -200 bps and +200 bps, the sensitivity of AFL's net interest margin was below the 5% equity limit:

MNI sensitivity (% of own funds)	Dec. 31 2024	Dec. 31 2023	Limit
Sc. +100 bp	-0,08%	0,07%	5,00%
Sc. -100 bp	0,08%	-0,07%	5,00%
Sc. +200 bp	-0,17%	0,13%	5,00%
Sc. -200 bp	0,29%	-0,16%	5,00%

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.

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.

At 31 December 2024, the notional amount outstanding on currency swaps was €1.72 billion. 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.

The amount of margin calls paid, net of margin calls received, by way of these hedging instruments amounted to €13.5 million at 31 December 2024.

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

The credit risk of its borrowers

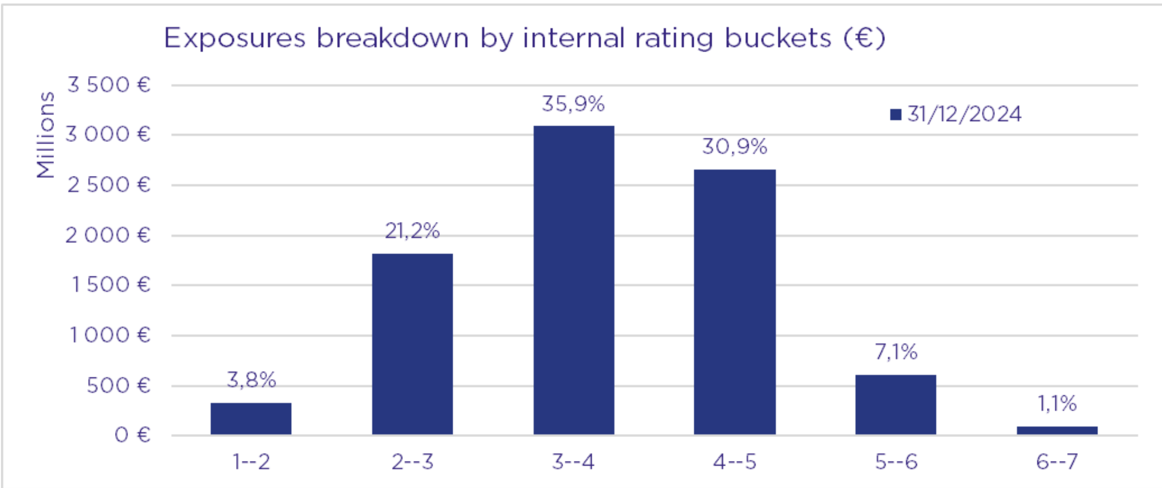
Pursuant to Article L. 1611-3-2 of the French General Local and Regional Authorities Code, AFL carries out its activities for the exclusive benefit of its member local authorities that are shareholders of AFL-ST, AFL's parent company, and guarantors of the debt securities issued by AFL up to the amount of their respective medium- to long-term loans outstanding. At 31 December 2024, AFL's total medium- and long-term loan commitments to local authorities amounted to €8.247 billion.

The member authorities are local and regional authorities, groupings of such authorities and other French local public institutions.

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

At 31 December 2024, 25% of this portfolio was exposed to member authorities with ratings between 1 and 2.99. The five largest exposures account for 12.9% of the portfolio. The largest exposure represented 2.9% of the portfolio. At 31 December 2024, the average rating of loans made by AFL to its members, weighted by outstanding loans, was 3.63 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 portfolio of loans to member authorities as of 31 December 2024:



Current and future member local authorities 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 authorities would be asked to restore public accounts, which could occur due to a reduction in the resources loaned to them by the French government (see also the risk factor "The economic, financial and political context of the markets where AFL carries out its activities or obtains funding may have a significant impact on AFL's financial situation and on its results").

As on December 31, 2023, AFL has no bad debt as at 31 December 2024.

	31/12/2024				31/12/2023			
	Agence France Locale				Agence France Locale			
Breakdown according to IFRS 9 Stages	Gross exposures (€)		Provisions (€)		Gross exposures (€)		Provisions (€)	
Stage 1	10 431 421 676	99,04%	1 437 061	93,55%	9 055 853 279	99,32%	1 064 105	91,84%
Stage 2	100 691 324	0,96%	99 048	6,45%	62 285 042	0,68%	94 485	8,16%
Stage 3	-	0,00%	-	0,00%	-	0,00%	-	0,00%
Total	10 532 113 000	100%	1 536 109	100%	9 118 138 322	100%	1 158 590	100%

As AFL grants loans to member local authorities only, the entity naturally shows a high concentration of its credit risk on a unique type of market participant. Therefore, AFL is exposed to the potential deterioration in this sector (see also the risk factor "The economic, financial and political context of the markets where AFL carries out its activities or obtains funding may have a significant impact on AFL's financial situation and on its results").

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. Although AFL’s investment policy is prudent, it remains exposed to the risk of the issuers of securities in which it has invested being unable to honour their financial obligations, a risk that increases in the context of a deteriorated economic and financial situation. The occurrence of such an event may generate a loss in net income and/or adversely impact AFL’s equity capital.

AFL is exposed to high quality securities, with 79% rated AA- or above by Standard & Poor’s at 31 December 2024. The average weighted risk of this portfolio was 6.5%.

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.

Financial risk due to climate change

French local authorities have varying degrees of exposure to climatic 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 authorities, particularly certain overseas local authorities. These events may have a significant negative impact on their budgets, which may vary as a function of the size of the local authority, due to the damage caused or the need to adapt infrastructure; they may also increase their financing requirements.

In this context and considering the increasing vulnerability of certain areas and the public and private infrastructure that they host, the occurrence of such risks could result in a loss of value for AFL, which is exposed to credit risk with regard to local authorities. AFL has therefore developed a climate vulnerability indicator based on public data sourced from the Environmental Transition Ministry and the INSEE. This metric is designed to assess the vulnerability of French local authorities to climate events and to integrate climate risks into its credit risk analysis. At the date of publication, the climate vulnerability indicator has brought attention to the fact that the vast majority of French local authorities are either not impacted, or are little impacted, by climate-related events.

2.3 Non-financial risks

AFL is exposed to human capital risks

As dictated by its model, AFL relies on a limited number of people (43 employees, including 42 permanent contracts, 1 limited term contract, 3 work-study students and one corporate officer (not on payroll) as at 31 December 2024 for running its operations. 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.

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

The capital requirements for operational risks amounted to €3.2 million at 31 December 2024 for the AFL Group.

Communication and information systems are essential to AFL's business and operations due to its activity as a specialised lending 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 the upsurge in cyberattacks observed by all of the banking institutions.

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.

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

AFL was not the subject of any litigation with one of its counterparties during the financial year ended 31 December 2024. It nevertheless cannot be excluded that litigation may arise during the course of its activities, in particular with a local authority member, which would damage AFL's reputation and could result in a loss of value for AFL.

3. Prudential ratios and equity

3.1 Changes in equity

AFL's prudential capital requirements are monitored at the consolidated AFL Group level, for which there are equity requirements, as the AFL Group has received an exemption to Article 7 of Regulation (EU) no. 575/2013 as amended (the "**CRR**").

As at 31 December 2024, the AFL Group's prudential capital amounted to €247.8 million, an increase of 19.8% versus the prior year. This increase is related to the payment of new capital contributions by the local authorities in the amount of €32.9 million and the inclusion of the net profit for the 2023 financial year in retained earnings in March 2024 in the amount of €5.7 million.

3.2 Capital requirement expressed as leverage ratio

The leverage ratio was 2.31% at 31 December 2024, which is greater than the AFL Group's 2.25% risk appetite threshold.

The amended CRR provides a separate definition of the leverage ratio for public developmental lending 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 developmental lending institution. The "public developmental institution" leverage ratio for the Agence France Local Group was 11.25% as at 31 December 2024, much greater than the regulatory requirement of 3%.

3.3 Capital requirement expressed as 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 intercommunal cooperative public establishments (EPCI) to be incorporated into the French central government, with a separate tax status. As a result, AFL's exposures to these local authorities may be subject to a risk weighting of 0%.

At 31 December 2024, the total prudential capital requirement applicable to the Agence France Locale Group was 11.75%:

- the minimum requirement of 8%;
- an additional equity capital requirement, called Pillar 2, of 1.25%; and
- an equity capital conservation buffer requirement set at 2.5%.

Finally, on 2 January 2024, the Haut Conseil de Stabilité Financière [High Council for Financial Stability] decided to set the countercyclical equity capital buffer applicable to French exposures at 1%.

With a solvency ratio of 63% at 31 December 2024, the Agence France Locale Group exceeds these applicable prudential capital requirements.

3.4 MREL

On 17 December 2020, the ACPR Resolution Council determined the AFL Group's minimum equity capital requirement and eligible commitments (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 previous paragraph.

4. Risk management and internal control system

4.1 General principles

Definition and objectives

The internal control system is a framework deployed by AFL-ST's Board of Directors, AFL's Supervisory Board, AFL's Management Board and the AFL Group staff designed to enable AFL to control the various risks to which it is exposed through its activities and to verify the compliance of these with the regulations governing them.

With resources adapted to the size and nature of its activities, it is organised in accordance with legal and regulatory requirements and in such a way as to be adapted to AFL's business model.

Since its objective is to prevent and control the risk of not meeting the objectives set by AFL in terms of development, profitability and risk management, the internal control and risk management systems play a key role in the management and steering of its various activities.

Applicable legal and regulatory context

AFL's internal control system is based on the legal and regulatory texts applicable to lending institutions: the Monetary and Financial Code, the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the supervision of the French Prudential Supervision and Resolution Authority and the directly applicable European provisions amended by the Order of 25 February 2021 (which entered into on effect 28 June 2021), the EBA's guidelines on internal governance (EBA GL/2017/11), the Order of 6 January 2021 on the system and internal controls to combat money laundering and the financing of terrorism and to freeze assets and prohibit the provision or use of funds or economic resources.

AFL Group organisation and responsibilities

In accordance with the Order of 3 November 2014, as amended, AFL-ST, a financial company directly owned by the French local authority shareholders, owning more than 99.999% of AFL, a specialised lending institution, must ensure that:

- it implements the necessary means to ensure that AFL complies with the applicable regulatory provisions;
- it guarantees that the systems implemented within the AFL Group enable the risks incurred by the AFL Group to be measured, monitored and controlled;
- it verifies the implementation of an organisation and control system, as well as the adoption, within AFL, of adequate procedures for the production of information and intelligence useful for the purposes of monitoring the AFL Group.

The structure of the Agence France Locale Group means that the vast majority of processes are housed at AFL and the vast majority of risks are borne by AFL. As a result, risks are monitored on a consolidated basis.

In June 2015, an agreement was signed between AFL-ST and the lending institution, AFL, delegating to this latter party the internal control tasks falling within the scope of the AFL Group. This agreement was supplemented by a supplementary agreement of 1 December 2021 to include all internal control obligations in the delegated tasks, including compliance (with this including data protection), permanent control, consolidated risk management, internal audit, credit analysis and regulatory reporting. By virtue of this agreement, these tasks are carried out by AFL's Commitments, Risks, Climate and Sustainable Finance Department on behalf of the Group.

The AFL-ST Board of Directors is the supervisory body of AFL-ST; its work is supported by an Audit and Risk Committee and an Appointments, Compensation and Corporate Governance Committee under its responsibility.

Governance

The AFL Management Board and Supervisory Board are responsible for establishing and monitoring the adequacy and effectiveness of the internal control framework, procedures and mechanisms, as well as the supervision of all lines of activity, including internal control functions (such as risk management, compliance and internal audit).

The Supervisory Board

The AFL Supervisory Board notably:

- oversees and monitors the decision-making and actions of the Management Board and ensures its effective oversight;
- guarantees and periodically evaluates the effectiveness of AFL's internal governance framework and takes appropriate measures to remedy any weaknesses identified;
- oversees and monitors the consistent implementation of AFL's strategic objectives, organisational structure and risk strategy, including its risk appetite, risk management framework and other policies, and the disclosure framework;
- verifies that AFL's risk culture is implemented in a consistent manner;
- oversees the implementation and maintenance of a code of conduct or similar effective policies to identify, manage and mitigate actual and potential conflicts of interest;
- oversees the integrity of financial information and reporting and the internal control framework, including a solid and effective risk management framework;
- ensures that those responsible for internal control are able to act autonomously, can voice concerns independently of any accountability to other internal bodies, business lines or units, and, if appropriate, inform the Supervisory Board directly when risks of adverse events affect or are likely to affect AFL;
- monitors implementation of the internal audit plan, after review by the Audit & Risk Committee.

In accordance with the Order of 6 January 2021 on combating of money laundering and the financing of terrorism, the Supervisory Board of AFL regularly reviews the AML-CFT policy, the governance and the systems and procedures implemented to comply with regulatory provisions and corrective measures to remedy significant incidents or deficiencies.

The Supervisory Board is supported in its work by four specialised committees: an Audit Committee, a Risk Committee, an Appointments, Compensation and Corporate Governance Committee and a Strategy and Responsible Commitments Committee that report to it.

The Management Board

The AFL Management Board is responsible for the consistency and effectiveness of the overall internal control system.

It ensures there are sufficient resources for the function to carry out and fulfil its role; it ensures that the Commitments and Risks Department's budget for internal control assignments provides it with sufficient resources to carry out its assignments, taking into account proportionality criteria. It ensures that the Commitments and Risks Department has a sufficient number of qualified staff, who benefit from available regular training. It ensures that the internal control functions have access to IT and support systems.

In particular, the Management Board ensures that sufficient resources are allocated to the Internal Audit function to conduct a complete cycle of investigations of all activities for the number of financial years planned.

It is the responsibility of the Management Board to ensure the dissemination and promotion of a risk culture within AFL, which includes:

- defining and communicating to employees AFL's main values and expectations in this area, which must be reflected in everyone's behaviour;
- a positive attitude towards risk control, compliance verification and internal audit within AFL;
- an environment of open communication and effective questioning, in which decision-making processes encourage a broad exchange of opinions, test current practices, stimulate a constructive and critical attitude among staff and promote a climate of open and constructive participation throughout the organisation.

The Management Board attaches particular importance to disseminating and promoting this culture among all employees.

The Commitments and Risks Department

Responsibility for the Risk Management function, the Compliance function and Second-Level Continuous Monitoring is borne by the Director of Commitments and Risks, Climate and Sustainable Finance, who is a member of the Management Board and the Chief Executive Officer of AFL.

Operationally, the internal control system is placed under her responsibility. Responsibility for Internal Audit is borne by the Chairman of the Management Board.

The Director of Commitments and Risks, Climate and Sustainable Finance has been a member of the Management Board since AFL was founded, with this choice resulting from the initial desire to place risk management at the heart of the bank. Being so positioned, the Department of Commitments and Risks, Climate and Sustainable Finance has the authority, significant status and sufficient independence to challenge decisions affecting AFL's exposure to risk.

In the performance of her duties, the Director is supported by various managers who report to her hierarchically.

The Director of Commitments and Risks, Climate and Sustainable Finance participates in the various supervisory bodies of AFL and AFL-ST: AFL's Audit and Risk Committee, AFL-ST's Audit and Risk Committees, AFL's Supervisory Board, AFL-ST's Board of Directors, AFL's Appointments, Remuneration and Corporate Governance Committee and AFL-ST's Appointments, Remuneration and Corporate Governance Committee, as well as AFL's Strategy Committee.

Pursuant to the Order of 3 November 2014, as amended:

- The Director of Climate Commitments & Risks and Sustainable Financing does not conduct commercial, financial or accounting transactions.
- As head of the Risk Management function, in the event of changes in risks, the Director of Climate Commitments & Risks and Sustainable Financing may report directly to the Supervisory Board and the Board of Directors without referring to the Management Board.
- As Head of the Compliance Function, she also reports directly to the Supervisory Board and the Board of Directors.
- As Head of the Internal Audit function, the Chairman of the Management Board reports on the conclusions of his assignments to the Management Board, the Supervisory Board and the Board of Directors of AFL-ST; in addition, he may directly, and on his own initiative, inform the Supervisory Board and the Board of Directors of any failure to implement the corrective measures taken following the recommendations of the periodic audit.

In accordance with regulations, the organisational structure implemented guarantees that the operational support functions are distinct from the control functions.

Internal committees

Chaired by the Chairman of the Management Board, two committees were established to direct the internal control and risk monitoring system:

- The Global Risk Committee, which meets quarterly, is responsible for monitoring the exposure of AFL to risks of all kinds. On an annual basis, it validates risk appetite, risk policies, measurement indicators and the management of these risks. It also oversees the risk management system and decides on the associated action plans.
- The Internal Control Committee, which meets half-yearly, is responsible for overseeing the control system across all its functions and for assessing its effectiveness.

Several operational committees are involved in the overall internal control system. Their main mission is mentioned here:

- The Credit Committee meets every week without exception in order to decide on granting loans or initiating limits on a shareholder local authority or a market counterparty.
- the Provisions Committee and Provisions Expert Committee meet on a quarterly basis. The Provisions Committee validates the amount to be provisioned and its appropriateness to AFL's risk profile. The Provisions Expert Committee defines the weighting of the change scenarios on the reporting date and the parameters included in the calculation of provisions.
- The ALM Committee (ALCo) meets at least monthly and is responsible for managing AFL's treasury activities, fund-raising and asset-liability management, as well as monitoring ALM risks.
- The New Products - Significant Changes Committee meets as often as is necessary and its objective is to decide on the implementation of any new product or on significant changes to the AFL Group.
- The Organisation and Procedures Committee meets as often as is necessary, with the objective of approving the processes and procedures that describe the activities of AFL.
- The Information System Security Committee meets at least half-yearly and is responsible for

overseeing the risk management and internal control systems relating to risks linked to the integrity, consistency and confidentiality of the Information System data.
- The Outsourcing Committee meets at least once a year and as often as is necessary. Its purpose is to coordinate the outsourcing strategy, to ensure the compliance and completeness of the system at all times and to ensure that the risks related to outsourcing are assessed and controlled.
- The HR and General Resources Committee meets at least quarterly, notably to discuss staff management, recruitment strategy and social relations, in support of AFL's strategy and objectives.
- The Information Systems Governance Committee meets at least half-yearly to conduct IT projects and programs in line with AFL's strategy, and, in particular, to prioritise, rank and manage the annual portfolio of IT projects and maintenance, to set and control the IT budget and to manage the information system.
- The Financial Communication Committee meets once a quarter and deals with the production and management of permanent and periodic information.

These committees are chaired by the Chairman of the Management Board or by a member of the Management Board. They are governed by internal regulations.

In the first two operational committees, the Director of Climate Commitments & Risks and Sustainable Financing has a right of veto. In the event that this is exercised, the decision is either postponed to a subsequent Committee, or is subject to a decision by the Management Board in a vote for which, in the event of a tie, the Chairman of the Management Board has the deciding vote.

4.2 Internal control functions

In order to carry out its various tasks, and in accordance with the regulations in effect, the internal control framework is organised around three main functions:

- The Risk Management function
- The Compliance function
- The Internal Audit function

The risk management and compliance monitoring system is deployed at several levels:

- AFL's business lines are responsible for managing the risks to which they are exposed while conducting their activities. They identify the risks associated with their activity and comply with the procedures and limits set; the Commitments and Risks Department assists them in defining the risks related to their activity and the controls to be considered.
- A first level of continuous monitoring is exercised by employees carrying out operational activities; they must have the means of monitoring for this purpose.
- A second level of continuous monitoring is carried out by employees who work in the Commitments & Risks Department. In particular, these employees check that the risks have been identified and managed by the first level of monitoring, according to the provided rules and procedures. This second level of monitoring is carried out by the Risk Management function and the Compliance function, whose duties are specified below.

The Risk Management function

Objectives

The Risk Management function ensures the implementation of the AFL Group's risk measurement and results systems and its risk monitoring and control systems. It also ensures that the level of risks incurred is compatible with the strategies, internal policies and limits.

Scope

The Risk Management function:

1. Participates in the development of AFL's risk strategy and proposes a level of risk appetite for AFL, validated by the Management Board. It ensures that issues relating to risks are duly considered.

2. It evaluates the impact of new products, significant changes, and/or exceptional transactions.
3. It ensures that all risks are detected, assessed, measured, monitored, managed and duly reported by the business lines.
4. It assesses any infringement of risk appetite or risk limits. It recommends corrective measures with the relevant department and monitors them.
5. The Risk Management function is responsible for the implementation of a sound management plan for AFL's business continuity, in order to guarantee their ability to operate without interruption and to limit losses in the event of a serious disruption to their activities.

   In this capacity, it implements and maintains the following in operational condition:
   - response and business continuity plans which guarantee that AFL responds appropriately to emergencies and is able to maintain its most important activities in the event of disruption to its ordinary operating procedures;
   - recovery plans for critical resources which enable the institution to restore its ordinary operating procedures within an appropriate time frame;
   - AFL insurance coverage.

6. The Risk Management function is in charge of the incident system; it carries out the following:
   - the collection and monitoring of incidents reported by the business lines and, more specifically, significant incidents pursuant to the Decree of 3 November 2014;
   - the overall monitoring of incidents and resulting action plans through the Internal Control Committee and supplies risk mapping with regard to these elements;
   - feedback on these analyses in the form of regular reporting and recommendations to strengthen the risk management system.

7. The Risk Management function assesses the amounts of appropriate internal capital given the nature and level of risks to which AFL could be exposed, with this validated by the Management Board.

8. In order to carry out these duties, the Risk Management function performs second-level continuous monitoring reviews.

Organisation

The Risk Management function is the responsibility of the Director of Climate Commitments & Risks and Sustainable Financing.

The Risk Management function for non-financial risks is performed by the Non-Financial Risks and Compliance Department, which includes the Director of Non-Financial Risks and Compliance, who is also responsible for information systems security, and two employees.

With regard to credit risks, the Risk Management function is mainly handled by the Commitments part of the Commitments & Risks Department, which includes two employees other than its Director. The Commitments Department is in charge of credit analysis, managing credit authorisation and limit initiation mechanisms, maintaining and developing rating and credit authorisation models. It develops the policies falling under these scopes of responsibility along with the business lines. Monitoring of limits is done on a transactional and regular basis by the business lines, the Commitments Department and the Prudential Financial Risks and ESG Department (PRIF ESG). Analysis of exceedances and related action plans are under the responsibility of the Commitments Department. Monitoring of models (developed and maintained by the Commitments Department) and indicators is the responsibility of PRIF ESG.

The function for management of liquidity, interest rate and exchange rate risks is handled by the PRIF-ESG Department including the Prudential Director and an employee.

Monitoring liquidity, exchange rate and interest rate risks as a first line of defence is carried out by the ALM Division within the Financial Department, which monitors the limits on a monthly basis in the ALCO Committee. The PRIF ESG Department is in charge of stress test calculations, analysing the liquidity, interest rate and exchange rate risk situation on a quarterly basis, and monitoring models and indicators produced by the business lines serving to control and manage AFL's risks. It contributes to creating policies in these areas of responsibility.

The PRIF ESG Department is in charge of directing the Global Risks Committee, the Icaap process and capital stress tests as well as matters related to resolution (in particular the Preventive Recovery Plan).

Organised in this way, the Risk Management function is in charge of the risk management system entirely independently of operations. It provides guidance, supervision and general monitoring. It relies on the Compliance function for the risk of non-compliance and on operational departments to identify, analyse and monitor the risks daily that it supervises on a consolidated basis.

Associated resources

The Risk Management function relies on various resources and tools that enable it to oversee the risk management of AFL on a continuous and permanent basis:

- a risk mapping which lists and classifies the risks incurred by AFL over the whole of its activity (impact, occurrence, degree of control), assessing the adequacy of the risks incurred in relation to changes in activity. This shall be updated on a biennial basis;
- the risk mapping is prepared using an expert approach regarding financial and strategic risks; in the case of non-financial risks, AFL deploys a mapping methodology involving the operational departments;
- risk appetite, which is defined and periodically reviewed by AFL-ST's Board of Directors and AFL's Supervisory Board. This defines the overall level and types of risk that AFL is prepared to accept in order to achieve its strategic objectives detailed in its business plan, in line with its level of equity capital, risk control and management capabilities and the prudential and regulatory constraints to which it is subject;
- the definition of financial and risk management policies developed by the business lines and the Risk Management function, reviewed regularly, adapted to each business line, setting the rules and limits adapted to the activities; these policies are reviewed annually and validated by AFL's Global Risk Committee and are approved by AFL's Supervisory Board;
- the definition of an information systems security policy, validated by the Management Board, which determines the principles implemented to protect the confidentiality, integrity and availability of AFL's data, assets and IT services;
- risk and activity indicators, including stress tests developed by the Risk Management function or reported by the operational departments, which give rise to regular reporting, enabling the Management Board to have a reliable view of the risks incurred;
- the analyses and recommendations of the second-level continuous monitoring reviews and the analyses and recommendations of the tasks carried out by the Internal Audit function, as well as those carried out by the supervisory authorities and the overall monitoring of the resulting action plans;
- operational and IT incidents and compliance malfunction reports from the departments, which are centralised in an incident database;
- continuous monitoring reviews.

The risk management system is monitored by the Global Risk Committee: it is based on summary views of the risks taken by AFL, which should enable the Management Board and operational departments to have a reliable and up-to-date view of the risks incurred.

Risk management activities in 2024

The main activities of the Risk Management function relate to:

- identification of risk factors and coordination of risk management systems;
- updating of the global risk map,
- continuation of work on IT risk management and information systems security;
- the outsourcing management system.

The Compliance function

Objectives

The Compliance function ensures that AFL's current and future activities comply with the legal, regulatory and ethical obligations in effect or with the instructions of the Management Board, notably adopted in accordance with the guidelines of the Supervisory Board and the Board of Directors.

Scope

In its role as guarantor of compliance with these rules within AFL, the Compliance function is notably responsible for:

- the proper application of applicable laws, regulations and texts;
- compliance with AFL's ethical rules and the management of any conflicts of interest;
- regulatory monitoring, which enables it, together with the business lines, to provide advice to the Management Board on the measures to be adopted in order to ensure compliance with applicable laws, rules, regulations and standards;
- as part of this monitoring, the Compliance function informs the business lines of the various major regulatory changes;
- assessing with operational staff the potential impact of any changes to the legal or regulatory framework on AFL's activities and the compliance verification framework.

These prerogatives concern all of AFL's day-to-day activities, as well as the monitoring of future product and service developments throughout the production chain.

1. The Compliance function is in charge of managing the New Products - Significant Changes system. On this subject, the Compliance function performs a systematic prior assessment and provides a documented, written opinion for new products or significant changes to existing products.

2. The Compliance function is responsible for managing the updating of the body of procedures, listing all existing procedures (describing, in particular, the procedures for recording, processing and reporting information, accounting schemes and procedures for validating transactions), notably ensuring:
   - its completeness at all times;
   - its validation as part of the Organisation and Process Committee by all stakeholders; and
   - it draws on the operational departments to execute the said procedures.

   It makes the policies and procedures available to employees in a documentary database, so that anyone can refer to them whenever significant changes are made.

1. The Compliance function can be contacted by any manager or employee on possible compliance issues according to the process specified by the Ethics Manual. These issues are centralised in a database.

2. The Compliance Function is responsible for second-level continuous monitoring tasks targeting risk of non-compliance and ensures their consistency and effectiveness.

3. As part of the various compliance recommendations and regulations (Monetary and Financial Code, GAFI, ACPR and AMF regulations and positions), the Compliance function defines and implements an anti-money laundering and anti-terrorist financing system and a system for due diligence and reporting of suspicious transactions.

Organisation

The Compliance function is the responsibility of the Director of Commitments and Risks, Climate and Sustainable Finance, who is the CEO of AFL. The Compliance function is performed by the Non-Financial Risks and Compliance Department and includes, in addition to the Director of Non-Financial Risks and Compliance, two employees.

The personnel in the Compliance function must have sufficient knowledge, skills and experience. Through the AFL training plan, the personnel in the Compliance function have access to regular training.

Associated resources

While performing its various duties, the Compliance function relies on:

- external reference texts (legal provisions, regulations, standards, opinions of the authorities) monitored as part of its watch;
- internal reference texts (policies, procedures, accounting schemes, etc.);

- a continuous monitoring system.

Activities of the Compliance function in 2024

In 2024, the Compliance function continued to consolidate AFL's non-compliance risk management system.

In this capacity, the main systems developed were subject to compliance maintenance and operational implementation, in particular:
- the compliance monitoring, document management and internal stakeholder training procedure;
- the behavioural procedures (ethics, anti-corruption, prevention of conflicts of interest, MAR procedures relating to insiders, etc.);
- the product and market management and customer protection procedures;
- the anti-money laundering and financing of terrorism and sanctions adherence procedure - including knowledge of counterparties and transactions screening;
- the GDPR procedure.

In 2024, an anti-corruption code of conduct and an alert procedure were particularly put into place. Automation of the AML-CFT was strengthened.

Operational and accounting continuous monitoring system

Continuous monitoring of accounting

The accounting organisation aims to verify the quality of accounting, financial and management standards information, whether intended for the Management Board, the Supervisory Board, the Board of Directors or the ACPR or whether it is included in the documents intended for publication.

The implemented organisation must guarantee the existence of a set of procedures termed an audit trail, which makes it possible:
- to reconstruct transactions in chronological order;
- to justify any information by an original document from which it must be possible to go back uninterruptedly to the summary document and vice versa;
- to explain the change in balances from one reporting period to another by keeping track of the changes that affected the accounting items.

To this end, continuous monitoring accounting reviews are implemented to ensure the completeness, quality and reliability of the information and the valuation and accounting methods.

Organisation of the accounting system and internal control procedures relating to the preparation and processing of financial accounting information

i. Organisation of the accounting system

The Accounting Department reports to the Finance Department. In 2024, it consisted of 3 FTEs.

ii. Permanent accounting controls (levels 1 and 2)

The permanent accounting control system is organised around two levels of controls that aim to provide a guarantee of the regularity, security and compliance of the accounting for the transactions carried out and the monitoring of risks for the associated processes.

The first ***level of accounting control*** is provided by the operational back-office and accounting teams. It consists of the self-checks carried out by employees in charge of the various accounting tasks, supplemented by relevant line management supervision. **The various types of checks carried out are the following:**

On a daily basis:

- operational controls for the correct accounting for transactions, via flow control procedures, such as the offloading of events from management applications (credit chain, cash, market transactions) into the accounting software, which is checked daily;

- cash-settled amounts are recalculated and verified (IBAN verifications, coupon payments, purchases and sales of securities, swap-offs, etc.);
- banking flows from market activities are also checked daily with account holders; bank reconciliations are formalised daily.

On a monthly basis:

- inventory checks are carried out monthly: completeness of outstanding credit lines, reconciliation with the custodian for securities inventories and outstanding swaps.
- The reconciliations of accounts for general expenses are carried out at bi-weekly intervals.

Other checks are carried out internally with a periodic frequency, notably the following:

- verification of third-party payer databases (SIRET, name, address and IBAN);
- verification and control of accounting system authorisations;
- review of accounting schemes; reconciliation of the accounting position to the positions held by the Back Office and the Middle Office;
- reconciliation of the accounting position to the positions held by the Back Office and the Middle Office;
- preparation of account statements;
- preparation of a half-yearly accounting control file analysing and documenting the balances of the general ledger (checks of documents, changes and of plausibility);
- development of reconciliations between accounting and management (reconciliation of outstanding loans, outstanding swaps, portfolio performance).
- A control is carried out by the Chief Financial Officer, with the analytical review of the quarterly consolidated and separate financial statements.

Second-level accounting controls aim to ensure the execution of the control procedures implemented upstream by the accounting and back-office teams, the appropriateness of transactions, the compliance of their regcording with regard to existing benchmarks (account plan, accounting schemes) and compliance with procedures. These consist of accounting consistency checks (such as analytical accounting reviews), cross-checks (reconciliation of accounting results/analytical results). This level of control is provided by a service provider who reports to the Commitments and Risks Director and is carried out every six months.

In detail, this involves:

- ensuring the reliability of the production of accounting information;
- ensuring the justification of accounting balances and their consistency;
- checking that each process is subject to an up-to-date procedure and that this procedure is applied by the teams;
- ensuring that accounting/management reconciliations have been carried out;
- testing the system using surveys.

Continuous operational monitoring

The continuous operational monitoring framework covers the daily performance of the controls necessary for the proper functioning of AFL's various activities, with the aim of providing information allowing:

- an up-to-date view of the risks weighing on the business in terms of the results of controls and incidents encountered;
- making the necessary adjustments to the organisation.

Continuous monitoring is based on:

- the first-level continuous monitoring system, carried out by operational staff; management must ensure that each employee is aware of the policies, procedures and responsibilities relating to his or her role, has the information and training necessary for performing his or her duties and the importance of his or her responsibilities, in terms of continuous monitoring;
- the second-level continuous monitoring system, which notably covers:

- supervision of the first-level control system carried out by operational staff;
- carrying out of second-level controls.

The reviews cover all AFL processes: business processes and supports, relating to internal control. They also cover outsourced activities.

The control tools used are, in particular:

- AFL's procedures, which are subject to an appropriate formalisation and validation process;
- the CROC Operational Controls and Accounting Controls database, which includes recurring first-level controls;
- the annual permanent control plan, which covers all of AFL's processes on an annual basis, while focusing on the most significant areas of risk; the control plan is notably based on the results of the first-level controls, the results of previous second-level controls, and the lessons learned from risk mapping and the internal control system;
- a control methodology incorporating different types of controls according to defined methodologies adapted to the area subject to control;
- operational, IT and compliance incident reports from the Departments, which are centralised in an incident database.

Organisation

Second-level continuous monitoring is the responsibility of the Director of Commitments and Risks, Climate and Sustainable Finance.

Second-level operational continuous monitoring tasks are managed by the Director of Non-financial Risks and Compliance. The tasks are primarily carried out by the Non-Financial Risks and Compliance Department with regard to operational controls. This includes two employees other than the Director of Non-Financial Risks and Compliance, as well as other employees from the Commitments and Risks Department.

The duties related to accounting controls are carried out by an external service provider under the direction of the Director of Commitments & Risks, Climate and Sustainable Finance.

Continuous monitoring activities in 2024

In 2024, the continuous monitoring system was strengthened. The body of rules governing AFL's activities (policies, procedures, operating methods) was maintained, as part of an extensive updating plan. The first-level control system was extended (functional extension, automation). Lastly, the Continuous Monitoring Plan approved by the Internal Control Committee was implemented exhaustively, enabling all AFL processes to be examined in accordance with procedures adapted to the perceived risk.

The Internal Audit function

Objectives

The objective of the Internal Audit function is to carry out, through surveys, the periodic audit of the compliance of operations, the level of risk effectively incurred, compliance with procedures, efficiency and appropriateness of the Risk Management and Compliance systems, as well as second-level continuous monitoring tasks.

The Internal Audit function independently reviews and provides objective assurance of the compliance of all AFL activities, including outsourced activities, with AFL policies and procedures and with external requirements.

It assesses whether the internal control system of the institution is effective and efficient, and notably assesses:

- the adequacy of the institution's governance framework;
- whether existing policies and procedures are adequate and comply with legal and regulatory requirements, as well as the institution's risk appetite and risk strategy;
- the compliance of the procedures with the applicable legislation and regulations and with the decisions of the Management Board, the Supervisory Board and the Board of Directors;
- whether the procedures are implemented appropriately and effectively;
- the adequacy, quality and effectiveness of the controls carried out and the reports submitted by the operational units of the first line of defence and the risk management and compliance functions;
- the integrity of the processes guaranteeing the reliability of AFL's methods and techniques, as well as the quality and use of the qualitative risk detection and assessment tools and the risk mitigation measures adopted.

The Internal Audit function develops its own risk assessment, entirely independently of the Risk Management and Compliance functions, which allows it to determine its audit plan.

The Internal Audit function monitors its recommendations in order to verify that they are implemented within a reasonable timeframe, the implementation of which is the responsibility of AFL's executives and management.

Scope

The Internal Audit function works according to a multi-year audit plan, following a risk-based approach, broken down into an annual plan which makes it possible to integrate cyclical elements where necessary.

The internal audit plan covers all of the Company's processes. The internal audit function uses this plan to carry out targeted audits of the systems.

The plan is rolled out over three years depending on the areas and underlying risks.

Organisation

AFL outsourced the internal audit function to a service provider, under the responsibility of the Chairman of the Management Board. The Management Board reviews and approves the choice of service provider as well as the multi-year and annual audit plan.

In this way, the Internal Audit function is completely independent of the other functions within the scope of the system.

The outsourcing process, the choice of service provider and the outsourcing contract provide that the qualifications of the people in charge of the assignments are appropriate and that the resources allocated to the function, as well as the audit tools and methods of risk analysis, are adapted to the size and business model of AFL, as well as to the nature, scale and complexity of risks, activities, risk culture and risk appetite. In selecting the service provider, a verification procedure shall be conducted to ensure that the service provider complies with national or international professional audit standards.

Activities of the Internal Audit function in 2024

In 2024, three internal audits were carried out in accordance with to the three-year audit plan validated in December 2023 by AFL's Supervisory Board and by AFL-ST's Board of Directors.

All recommendations issued by the internal audit were monitored throughout 2024. Two monitoring reports were produced at the end of June 2024 and the end of December 2024.

The conclusions of these audits and the follow-up reports on the recommendations were presented to the Management Board, AFL's Supervisory Board and AFL-ST's Board of Directors.

VI. AFL Research and Development activity

Given its corporate purpose, AFL does not undertake research and development operations.

VII. Data on share capital and shares

1. Shareholding structure and changes during the financial year

AFL's General Meeting of Shareholders on 27 June 2024 decided, with the authorisation of the ACPR, to reduce AFL's share capital, due to losses, by an amount of €13,371,748.59, to decrease it to €217,878,251.41 from €231,250,000 by means of reducing the nominal value of shares issued by the Issuer. This resolution allowed AFL's negative retained earnings to be reduced to zero.

Due to the effect of capital increases performed following this loss absorption transaction, AFL's share capital amounted to €241,069,254.12 as at 31 December 2024, divided into 2,558,644 shares of the same category, entirely subscribed and paid-up. AFL's share capital consists entirely of registered shares. Each share held entitles the holder to a vote at General Meetings. AFL did not issue or authorise the issue of any preferred shares during the financial year ended 31 December 2024.

The following table presents AFL's shareholding structure and the changes occurring during the past financial year.

Almost all of the share capital and voting rights in AFL are held by AFL-ST (99.999%). The balance, i.e. one share, is held by the Lyon Metropolitan Area, within the territory of which AFL's registered office is located, in order to comply with the requirements of Article L.225-1 of the French Commercial Code.

AFL-ST has the exclusive control of AFL, and was the only organisation to subscribe to AFL's share capital increases during the 2024 financial year, continuing to comply with its company purpose, which consists notably of being a shareholder of AFL.

The Annual General Meeting of Shareholders of AFL shall be called on this point to renew the delegation of powers to the Company's Management Board to carry out capital increases up to an overall limit of €150 million, with the cancellation of shareholders' preferential subscription rights for the benefit of AFL-ST.

	31 December 2023			31 December 2024		
	Amount of the subscribed share capital (in euros)	Number of voting rights / shares held	%	Amount of the subscribed share capital (in euros)	Number of voting rights / shares held	%
AFL-ST	221,699,900	2,216,999	99.9999%	241,069,154.12	2,558,643	99.9999%
Lyon Metropolitan Area	100	1	0.0001%	100	1	0.0001%
Total	221,700,000	**2,217,000**	**100%**	241,069,254.12	**2,558,644**	**100%**

2. Employee share ownership

No shares in the companies composing the AFL Group are owned by its employees, since the shareholder structure imposed by the legislator does not allow employees to own shares in the capital of AFL-ST or of AFL.

Consequently:

- no share purchase or option transactions reserved for employees were carried out in the Company during the year ended 31 December 2024;
- no transactions were carried out during the year ended 31 December 2024 by way of call options or subscription of shares in Group companies reserved for employees, as provided in Articles L. 225-177 to L. 225-186 and L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

There are no plans to offer AFL's shares to Company employees.

3. Company share buybacks

AFL did not carry out any transactions involving its own shares during the financial year ended 31 December 2024.

It should also be noted that the Company did not hold any of its own shares at 31 December 2024.

4. Transactions on AFL securities by its officers

AFL was not informed of any acquisition, disposal, subscription or exchange of AFL shares by corporate officers or by persons with close personal ties with any of these parties during the financial year ended 31 December 2024.

5. Stock market position of AFL

At 31 December 2024, none of the shares comprising AFL's share capital were tradeable on a regulated market.

VIII. Other Key Performance Indicators

Financial information appears elsewhere in the document.

1. Environment

Digitalisation of business processes

AFL seeks to deploy a lean operating model. In 2024, AFL defined, in line with its strategic objectives, a new Information Systems Master Plan (ISMP) for the period 2025-2030 in order to continue digitalising processes.

Taking account of environmental issues in the organisation of work

AFL is committed to the sustainable use of resources by moving in 2020 to a building fitted with equipment to control the consumption of resources. Reduction of the occupied surface area of around 30%, the organisation of spaces in Flex Offices and the direct management of the building have led to significant savings in the company's expenses and a better environmental footprint.

As a result, AFL now has a single physical site in Lyon and a single temporary office in Paris. On account of this, AFL's environmental footprint is very small.

AFL benefits from the energy saving measures implemented at its head office, the first of which is the automatic switching off of lights at a fixed time, which varies according to the seasonal cycle and the installation of energy-saving light bulbs.

In 2024, AFL acquired its future headquarters by means of a sale prior to completion (VEFA). The building, which is expected to be delivered in 2026, comprises to levels and benefits from numerous sustainable labels and certifications (HQE Excellent, BBA performance level, Osmoz and WiredScore Silver).

IT infrastructure of a "*serverless*" type means that computer servers can be moved to the Cloud and shared, reducing the electricity consumption of the computer room and allowing IT resources to be managed as closely as possible to requirements. The ergonomic design of workstations has led to a reduction in the number of screens, all of which have the Energy Star label, promoting energy savings.

Actions to reduce the environmental impact realised in 2024	
Reduction of environmental impact and greenhouse gas emissions	AFL has launched multiple projects to cut the energy consumption of its premises: - continuation of the plan to replace multi-screen workstations with wide single-screen workstations, which consume less energy; - turning off the hot water in bathrooms; - regulation of the heating temperature in the premises; - strengthening the selective sorting system with sorting of food waste; - development of the Green IT policy.
Encouraging soft mobility	Maintaining the "Forfait Mobilité Douce" [Flat rate soft mobility] scheme with the use of a digital solution to facilitate its implementation.
Business travel	Reduced use of air travel in France and Europe in favour of videoconference meetings. Use of sustainable criteria in the reimbursement policy for professional expenses
Social dialogue	Company seminar on quality of life at work. Training of employees on establishing a corporate social dialogue.

	Year 2023	Year 2024
Paper consumption	Estimated at around **324** kg, on the basis of the number of sheets printed by AFL during the financial year. **165** kg of paper/cardboard recycled on AFL's premises	Estimated at around **327** kg, on the basis of the number of sheets printed by AFL during the financial year. **483.56** kg of paper/cardboard recycled on AFL's premises

Lastly, for commuting to work or business travel, the use of public transport or soft modes of transport is favoured over the use of private cars or planes, which are only authorised for long-distance journeys lasting more than 4 or 5 hours by train.

2. Employees

- Total workforce - AFL Group

  - Within AFL-ST

As at 31 December 2024, AFL-ST has two non-salaried company officers and no employees.

  - Within AFL

Breakdown of employees by geographical area

Year 2024	Headquarters (Lyon)	Other
Staff	46	0

Breakdown of employees by status

Staff	2023	2024
Non-salaried company officer	1	1
Salaried company officer	3	4
Senior executive who is not a company officer	2	1
Manager	33	38
Technician	1	0
Apprentice	4	3

Breakdown of employees by age

Staff	2023	2024
Up to 24 years	4	4
25-29 years	10	6
30-34 years	7	12
35-39 years	7	4
40-44 years	2	4
45-49 years	3	2
50-54 years	4	6
55-59 years	5	4
Over 60	2	3

- Recruitment

Employee changes

Staff	2023	2024
Permanent contracts	+3	+6/-2
Fixed-term contracts	+2/-2	+1
Professional training contracts	-3	+1
Apprenticeship contracts	+4/-2	+2/-4

- Working hours

At 31 December 2024, 38 employees, i.e. 83% of the total workforce, are subject to the flexible fixed day working scheme and enjoy autonomy during the daily work hours, in compliance with the legal guarantees provided in terms of daily and weekly rest and paid leave. Employees on a fixed day plan benefit from days of rest, the number of which is established

in accordance with the Collective Agreement. On the other hand, 5 senior managers and 1 company officer fall outside the working time regulations.
Employees who have signed a professional training contract or an apprenticeship contract and interns are subject to a working week of 35 hours.

Work organisation

	2023	2024
Part-time employees	0	0
Employees benefiting from remote working	37	39
Flexible fixed day working scheme	33	38
Scheme not covered by working time regulations	6	6
35 hour scheme	5	3

- Professional equality

At 31 December 2024, AFL had 38 employees, excluding temporary staff, subsidised contracts and apprenticeships, representing 12 women and 26 men in the autonomous manager and senior manager socio-professional categories.

Due to the size of its workforce, in 2024 AFL is not subject to the legal obligation to calculate and publish its professional gender equality index.

Although AFL did not reach the legal threshold for publishing the gender equality index in terms of equal pay in 2024, its publication will nevertheless be decided in light of the CSR policy that the company has been pursuing for several years. The method used is that for companies with between 50 and 250 employees.

The 4 measurement indicators are as follows:

- the gender **pay** gap, with a score out of 40;
- the **pay raise** gap between women and men, with a score out of 35;
- the percentage of female employees receiving a pay raise after **maternity leave**, with a score out of 15;
- **parity** between women and men among the 10 highest paid employees, with a score out of 10.

	Year 2024
Gender equality index for equal pay	86/100

In order to promote gender equality at work, in addition to the legal mechanisms, AFL has developed various means which allow women and men to organise themselves in their professional activity (charter on the right to disconnect, digital collaborative tools, individual dashboard on collaboration time produced by O365, flexible working hours linked to the status of autonomous manager, remote working charter).

For example, all eligible employees among AFL's staff at 31 December 2024 have signed the remote working charter.

Through its recruitment, AFL aims to create a gender balance according to age categories.

Breakdown of employees by gender

Staff present	2023	2024
Men	30	29
Women	14	17
Total	44	46

Gender equality	2023	2024
% of women among managers	31%	35%

Number of staff recruited with permanent contracts	Women	Men
2017 - 2023	12	15
2024	4	2
TOTAL	**16**	**17**

- Well-being of employees

Remote working system

In 2024, 100% of eligible employees applied for and obtained a remote working agreement.

- Training

Training provided in 2024 included individual, group and regulatory training.

Training

Training (in days)	Total	Per employee
Year 2023	**46**	**0.93**
Year 2024	**69**	**2.15**

Access to training (as a% of the workforce)	Women	Men
Year 2023	30%	70%
Year 2024	34%	66%

Access to training (in hours)	Women	Men
Year 2023	60.5	263.5
Year 2024	179.5	298.5

- Employment and integration of disabled people

AFL uses an organisation for the integration of people with disabilities for paper recycling, as well as a disability-friendly company for communication campaigns and procurement. In addition, AFL uses the services of adapted work companies (ESAT) for communication tasks.

Years	2021	2022	2023	2024**
ESAT amount*	€2,373.39	€2,189.80	€2,524.02	
AGEFIPH amount	€2,537.00	€3,953.00	€5,594.00	

** Employment assistance establishment and service*
*** Declaration in June 2024*

- Promotions

Promotions or internal transfers

Change in hierarchical level	2023	2024
Women		1
Men	1	1
Change in conventional classification		
Women		1
Men	1	1

- Professional integration of young people

During the financial year 2024, AFL signed 3 apprenticeship contracts and took on two interns.

- Compensation

Compensation	2023	2024
Payroll (excluding apprentices, interns and temporary employees)	€4,079,309	€4,023,666
Overtime paid	€0	€0
Total social security expenses	€3,398,768	€3,373,296

- Retirement benefits

Based on salary data for the year ended 31 December 2024, the commitment (actuarial liability) at the valuation date was €138,917.

Retirement benefits	2023	2024
	0	0

- Absenteeism

Year 2024	0.35%

Stoppages	2023	2024
Work accidents	0	0
Commuting accidents	0	0
Diseases	13	14
Occupational illnesses	0	0

26 March 2025,

Yves Millardet
AFL Chairman of the Management Board

Appendix 1
Table of results for the past five financial years

(Article R. 225-102 of the French Commercial Code)

Separate financial statements at December 31:

NATURE OF INDICATORS	2024	2023	2022	2021	2020
I. - Financial position at the end of the year :					
a) Share capital in thousands of euros	241 069	221 700	207 600	196 800	168 400
b) Number of shares issued	2 558 644	2 217 000	2 076 000	1 968 000	1 684 000
c) Number of bonds convertible into shares					
II. - Total income from actual operations (in thousands of euros) :					
a) Revenue excluding tax.	22 488	23 570	13 842	12 029	10 913
b) Earnings before tax, depreciation, amortization and provisions	9 833	10 238	4 978	3 297	3 566
c) Income taxes	- 772	- 406	-	- 1	- 2
d) Earnings after tax, depreciation, amortization and provisions	5 780	7 534	348	2 073	2 887
e) Amount of earnings distributed					
III. - Income form operations reduced to a single share:					
a) Earnings after tax, but before depreciation, amortization and provisions	4	4	2	2	2
b) Earnings after tax, depreciation, amortization and provisions	2	3	0	1	2
c) Dividend paid for each share					
IV. - Staff :					
a) Number of employees	46	39	34	31	30
b) Total payroll (in thousands of euros)	4 711	4 802	4 117	3 868	3 206
c) Amount paid in respect of social benefits (social security, charities, etc) (in thousands of euros)	2 502	2 548	2 036	2 063	1 812

Appendix 2
Supervisory Board's report on corporate governance

AGENCE FRANCE LOCALE

Société anonyme [French public limited company] with a Management Board and Supervisory Board and a share capital of 250,169,166.80 euros

Registered office: 112, rue Garibaldi, 69006 Lyon

Lyon Trade and Companies Register (RCS): 799 379 649

Dear Shareholders,

In my capacity as Chairman, I have the honour of presenting to you, in the name and on behalf of the Supervisory Board, the Corporate Governance Report for 2024, which was approved at the Supervisory Board meeting held on 26 March 2025, following the favourable opinion of the Company's Appointments, Compensation and Corporate Governance Committee (the ***ACCGC***) on 4 March 2025.

This report notably includes the information required pursuant to Articles L.225-68, paragraph 6, L.225-37-4, and L22-10-20 of the French Commercial Code, article L.511-100 of the French Monetary and Financial Code, and the provisions of the AFEP-MEDEF Corporate Governance Code, to which Agence France Locale adheres on a voluntary basis.

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GLOSSARY

Agence France Locale (the *Company* or *AFL*) is a public limited company (*société anonyme*) with a Management Board and a Supervisory Board. This legal form permits a separation between:

- the Company's management functions, performed by the Management Board, and
- the functions of overseeing the management of the Company, performed by the Supervisory Board.

ACCGC	Appointments, Compensation and Corporate Governance Committee
AFEP-MEDEF	*Association Française des Entreprises Privées* [French Association of Private Companies] and the *Mouvement des Entreprises de France* [Companies Movement of France]
AFEP-MEDEF Code	The code of corporate governance for listed companies, published by the AFEP-MEDEF, as revised in December 2022
AFL Group or Agence France Locale Group	The group comprising AFL and its parent company, AFL-ST
AFL or the Company	Agence France Locale
AFL-ST or the Société Territoriale	Agence France Locale – Société Territoriale
AGM	Annual General Meeting of Shareholders of AFL
ARC	Audit and Risk Committee (Split into Audit Committee and Risk Committee by the AGM of AFL on 6 May 2024)
CSR	Corporate social responsibility
ESG	Environmental, Social and Governance
Executive corporate officers	In public limited companies with a Management Board and a Supervisory Board, this refers to the Chairperson and members of the Management Board
Executive directors (or corporate officers)	Refers to all executive and non-executive officers in the company
Internal regulations of the Supervisory Board	The internal regulations of the Supervisory Board, as supplemented by the internal regulations of the Management Board (and now entitled "*Internal regulations of the AFL Supervisory Board and Management Board*")
Non-executive corporate officers	In public limited companies with a Management and Supervisory board, this refers to the Chairperson of the Supervisory Board
Non-executive corporate officers	In public limited companies with a Management Board and a Supervisory Board,

	this refers to the members of the Supervisory Board
Strategy and Responsible Commitments Committee	Strategy and Responsible Commitments Committee

1. **Declaration of compliance with the Corporate Governance Code**

In accordance with the provisions of articles L.22-10-10, 4 of the French Commercial Code and 28.1 of the AFEP-MEDEF Corporate Governance Code, the Company declares that it adheres to, applies and voluntarily adopts the recommendations issued by the AFEP-MEDEF within the code of the same name, as a reference framework for corporate governance. The Internal Regulations of the Company's Supervisory Board include the main provisions of the said Code[1].

At the same time, in order to account for its specific characteristics, AFL has made the following governance choices:

- Share ownership by corporate officers and Supervisory Board members (Articles 21 and 24 of the AFEP-MEDEF Code):

  AFL does not apply the provisions of Articles 21 and 24 of the AFEP-MEDEF Code: as such, the Company's corporate officers and Supervisory Board members do not hold any AFL or AFL-ST shares. This results from the structure of the AFL Group: the shareholders of both companies are composed, directly or indirectly, solely of the entities defined in Article L. 1611-3-2 of the French General Code for Local Authorities.

- Representation of the Company's employees on the Supervisory Board (Article 9 of the AFEP-MEDEF Code):

  AFL has chosen not to apply the provisions of Article 9 of the AFEP-MEDEF Code: in view of its light business model, notably its limited workforce of around forty permanent employees, its Articles of Association do not provide for the possibility of appointing employee representatives to the Supervisory Board[2].

2. **Assessment of the collective functioning of the Supervisory Board and of the individual contribution of the members**

Pursuant to Article L.511-100 of the French Monetary and Financial Code and Article 11 of the AFEP-MEDEF Code, it is the responsibility of the ACCGC to review the following periodically, at least once a year:

(i) the composition and functioning of the Supervisory Board;

(ii) the knowledge, skills and experience of the members of the Supervisory Board;

and to report on these to the Board (*Assessment by the Board*).

The members of the Supervisory Board were invited to take part in the assessment of the collective functioning of the Board and the individual contribution of its members *via* a self-assessment questionnaire prepared by the ACCGC. The results of the questionnaire were the subject of an analysis by the ACCGC on 5 November 2024, and then by the Supervisory Board on 4 December 2024.

[1] The AFEP-MEDEF Code is available on the website www.hcge.fr. The internal regulations of the Supervisory Board are available on the website and may be consulted at the registered office of the Company.

[2] Moreover, the Company does not fall within the scope of the provisions of Article L.225-79-2 of the French Commercial Code.

In summary, this review revealed:
- enhancement of integration of ESG topics;
- effectiveness of work carried out regarding the composition of the Supervisory Board and preparation for its reappointment;
- high quality of meeting discussions and materials;
- a positive assessment of training initiatives conducted for members of the Supervisory Board;
- some points of focus, essentially regarding the importance of continuing, and further developing, work on the following matters at the next meetings of the Board and its Committees:
    - strategic matters to plan for growth of the Company in the current global context;
    - preparation for reappointment of the Supervisory Board in 2025.
-

3. **Composition and functioning of company bodies**

The Management Board manages the Company under the permanent supervision of the Supervisory Board, which is itself assisted in carrying out its duties by three specialist committees: the Audit Committee, the Risk Committee, the ACCGC and the Strategy and Responsible Commitments Committee.

3.1. The Supervisory Board

3.1.1. Composition

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a minimum of eight members and a maximum of eighteen members, and must at least include:

(a) the Chairman of the Board of Directors of AFL-ST;
(b) the Deputy Chairman of the Board of Directors of AFL-ST;
(c) the CEO of AFL-ST;
(d) at least one expert with in-depth knowledge of the problems relating to the finances of local and regional authorities; and
(e) at least five (5) members recognised for their professional skills in banking, finance, and/or supervision of risk;
(f) it may also include one or more members recognised for their professional skills in any area useful for the proper oversight of the Company (outside the areas already mentioned in paragraphs (d) and (e) above), at the discretion of the Supervisory Board.

Under the terms of the Articles of Association, the Supervisory Board shall consist of:

- ➢ A majority of members recognised for their professional expertise in banking/finance and/or risk supervision;
- ➢ A majority of independent members. It is specified as necessary that, by their very nature, the members of the Supervisory Board cited in paragraphs (a), (b) and (c) are not independent members.

These rules are designed to ensure the competence and independence of AFL's Supervisory Board, a key element in guaranteeing the good governance and management autonomy of AFL with regard to AFL-ST[3].

In addition, the Articles of Association provide for an age limit: when the number of Supervisory Board members over the age of 70 represents more than one third of the Board, the oldest member shall automatically be regarded as having resigned.

In addition, an internal principle sets an age limit of 75 for acting as Chairperson or Deputy Chairperson of the Company's Supervisory Board.

- Non-voting directors

The provisions of the Articles of Association related to the composition of the Supervisory Board allow the incorporation of non-voting directors onto the Bord starting in May 2023, independent directors, who may:

- provide it with additional skills and expertise, as required; and
- as appropriate, create a pool of future candidates for appointment as independent members of the Supervisory Board.

Under the terms of the Company's Articles of Association, the Supervisory Board may appoint up to three individuals as non-voting members of the Supervisory Board[4].

Non-voting directors must meet the independence requirements of the AFEP-MEDEF code and must not be elected representatives or employees of a local authority that is a shareholder of the AFL-ST.

They participate in a purely consultative capacity in meetings of the Supervisory Board and the Committees to which they are invited.

<u>Composition of the Supervisory Board at 31 December 2024</u>:

At 31 December 2024, the Supervisory Board had 12 members.

As stated above, no member of the Board holds shares in the Company.

The Board also has two non-voting members:
-Mrs Lydie Assouline, appointed in this capacity by the Supervisory Board on 4 December 2023;
-Mr Olivier Labe, appointed in this capacity by the Supervisory Board on 27 March 2024.

Mr Sacha Briand

Chairman of the Supervisory Board

Offices and positions held within the Group since its incorporation

[3] See point 3.1.4 of this Report.
[4] Article 15.12 of the Articles of Association

Date of birth: 11 December 1969

Nationality: French

1st appointment: Co-opted by the Supervisory Board on 28 September 2020

Reappointment: AGM, 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

- Since 28 September 2020: Deputy Chairman of the Board of Directors of AFL-ST
- 2017-2020: Permanent representative of the Toulouse Metropolitan Area on the Board of Directors of ST

Offices and positions held outside the Group

Offices currently held

- Since 2020:
  - Chairman of EPFL of Grand Toulouse
  - Member of the SDEHG trade union council
- Since 2014:
  - Member of the Trade Union Committee of SM Tisséo Collectivité
  - Member of the Board of Directors of SPL Tisséo Ingénierie
  - Member of the Board of Directors of EPIC Tisséo Voyageurs
- Since 2005: Barrister at the Toulouse Bar

Mandates expiring during the last five years

- 2020-2024: Member of the Board of Directors of the SEM of MINT
- 2017-2020: Member of the Board of Directors of SPL ZeFil
- 2016-2023: Member of the SM DECOSET Trade Union Committee
- 2016-2020: Non-voting member of the Supervisory Board of SA ATB (Blagnac airport)

Other areas of expertise and experience

- Since 2014:
  - Deputy Mayor of the City of Toulouse
  - Vice-President of the Toulouse Metropolitan Area
  - Regional Councillor of the Occitanie Region
- 1995-2013: Municipal Councillor of the city of Blagnac
- 1998-2004: General Director of Services for the Muretain Community of Municipalities
- 1995-2004: General Director of Services of the Municipality of Muret
- 1993-1995: Public organisation management consultant, JPA Consultants

Mrs Marie Ducamin

Deputy Chairwoman of the Supervisory Board

Date of birth: 11 August 1967

Nationality: French

1st appointment: Co-opted by the Supervisory Board on 23 May 2023

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Since 23 May 2023: Chairwoman of the Board of Directors of AFL-ST

Offices and positions held outside the Group

Offices currently held

- Since November 2024: Director of SEMOP for the urban heating network of the Rennes Metropole
- Since 2023:
  - Member of the Board of Directors of the Association Nationale des Pôles d'Equilibre Territoriaux et Ruraux et des Pays (ANPP – Territoires de projet)
  - Member of the Local Finance Committee
- Since 2022: Director - Association of Mayors of Ille-et-Vilaine
- Since 2020:
  - Deputy Chairwoman of Rennes Métropole, responsible for finance and public procurement
  - Mayoress of Saint-Jacques de La Lande
  - Deputy Chairwoman - OPH Archipel Habitat
  - Director - SEM Trajectoires-Semtcar
  - Director - SPL Citédia Métropole

Mandates expiring during the last five years

- 1998-2020: History and geography teacher

Other areas of expertise and experience

- 2014-2020: Deputy mayor in charge of town planning
- 2012-2014: Deputy mayor in charge of education, children and young people

Mr Olivier Landel

Member of:

- Audit committee
- Risk Committee
- Strategy and Responsible Commitments Committee
- Appointments, Compensation and Corporate Governance Committee

Date of birth: 09 January 1963

Nationality: French

1st appointment: In the Articles of Incorporation of 17 December 2013

Reappointments: AGMs of 5 May 2017 and 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Chief Executive Officer, AFL-ST

Offices and positions held outside the Group

Offices currently held

- Since December 2023: Member of the Scientific Council of the TERRITORIA Observatory
- Since 2019: Member of the Strategic Council of the Urban School of Sciences-Po Paris
- Since 2018: Member of the Board of Directors of HEDATE and member of the Board of the Scientific Orientation Board of IHDEM

Mandates expiring during the last five years

- 2015-June 2023: Executive Director of France Urbaine

Other areas of expertise and experience

- 2002-2015: General Delegate of the Association of Urban Communities of France (ACUF), which became France urbaine in 2016
- 2010-2015: General Delegate of the Study Association for the Local Authorities Funding Agency
- 2009-2013: Guest speaker, Master's Program in Territorial Development and Urban Strategies (STU), Education: Sciences-Po
- 2009-2013: Chairman of the Association of Auditors of IHEDATE
- 2001-2002: Senior Manager, Intercommunity, Management, Finance, Business Intelligence, Ernst & Young
- 1996-2001: Organisational, finance and local authority management consulting, Puyo Consultants/Objectif M+
- 1994-1996: Accounting, finance, local authorities and IT consulting, Olivier Landel Conseil/Objectif M14
- 1991-1994: Deployment of financial management software for local authorities, GFI solution (formerly SINORG)
- 1986-1991: Foreign Services of the Treasury, Accounting for local authorities, Trésor Public (French public revenue office)

Mr François Drouin

Chairman of the Audit Committee
Member of the Audit and Risk Committee

Date of birth: 07 August 1951

Nationality: French

1st appointment: In the Articles of Incorporation of 17 December 2013

Reappointments: AGMs of 5 May 2017 and 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Chairman of ETI Finances (SAS)
- Chairman of ICF SAS
- Treasurer of the French Institute of International Relations (IFRI)
- Director of IFRI foundation
- Director of the Valentin Haüy Foundation

Mandates expiring during the last five years

- Chairman of IFIMM SAS
- Chairman of the Supervisory Board of Gagéo (SAS)
- Director of the Fondation Notre-Dame
- Director of the Collège des Bernardins SA
- Director of MS BEAUTiLAB SA (company incorporated under Swiss law)
- Member of the Supervisory Board of WeLikeStartup Partners SAS

Other areas of expertise and experience

- Chairman, Autoroutes et Tunnel du Mont Blanc SA
- Chairman of the Supervisory Board of GEIE du Tunnel du Mont Blanc
- 2013-2017: Chairman, Autoroutes et Tunnel du Mont Blanc (ATBM)
- 2013-2017: Chairman of the Société française du tunnel routier du Fréjus
- 2007-2013: Chairman & MD, Oséo
- 2003-2007: Chairman of the Management Board, Crédit Foncier de France
- 1991-2003: Chairman of the Management Board, Caisse d'épargne de Midi-Pyrénées
- 1989-1992: Chairman of the Management Board, Société régionale de financement (Sorefi), Caisses d'épargne de Midi-Pyrénées
- 1986-1989: Regional director, CDC et Crédit local de France pour la Bourgogne
- 1985-1986: Regional director, CDC pour la Haute-Normandie
- 1980-1985: Head of the territorial district of Valenciennes for the departmental office of infrastructure for the North, and the regional navigation division of the Nord-Pas-de-Calais region.

Mrs Victoire Aubry-Berrurier

Member of the Audit Committee and the Risk Committee

Date of birth: 05 June 1966

Nationality: French

1st appointment: In the Articles of Incorporation of 17 December 2013

Reappointments: AGMs of 5 May 2017 and 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since September 2024: Director and Chairman of the Audit Committee - Pierre & Vacances, Center Parc

Mandates expiring during the last five years

- 2018-January 2024: Director of BPI Participations and BPI Investissements and Member of the Audit Committee (representing Caisse des Dépôts et Consignations)
- 2015-March 2024: Member of the Executive Committee of Icade in charge of finance, IS, Digital, legal affairs and working environment
- Member of the Board of Directors of ICADE Santé SA
- Member of the Executive Committee of Icade in charge of finance, IS, Digital, legal affairs and working environment
- Director of Icade Management
- Member of the Board of Directors of OPPCI ICADE HEALTHCARE EUROPE

Other areas of expertise and experience

- 2016: Knight of the National Order of Merit
- 2012-2015: Member of the Executive Committee in charge of Finance, Legal Affairs and IT, Compagnie des Alpes
- 2006-2012: Director of Steering and Performance, CNP Assurances
- 2002-2006: Head of Strategic Monitoring of Competing Financial Activities, Caisse des Dépôts et Consignations
- 1990-2001: Trader in the credit market, then supervisor of risks and earnings on complex products, management supervisor of US investment banking activities, CDC IXIS

Mr Nicolas Fourt

Member of the Strategy and Responsible Commitments Committee

Date of birth: 22 September 1958

Nationality: French

1st appointment: In the Articles of Incorporation of 17 December 2013

Reappointments: AGMs of 5 May 2017 and 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Director of Acofi SAS
- Director of Denis Friedman Productions SA
- Chairman of NF Conseil SAS
- Director of CDC Croissance SA

Mandates expiring during the last five years

- Until March 2024:
- Deputy Managing Director and Director of Sienna AM France SAS (Sienna Private Credit)
- Deputy Managing Director, Member of the Executive Board of 2A SAS
- 2017-June 2020: Member of the Supervisory Board of Qivalio (formerly Spread Research - ESMA regulated rating agency)

Other areas of expertise and experience

- 2009-2013: Consultant to companies and local authorities, Alfafinance - AMF regulated
- 1986-2008: Fixed income and equity financial markets (CDC then Ixis then Natixis) - ACPR regulation

Mr Lars Andersson

Chairman of the Strategy and Responsible Commitments Committee

Date of birth: 27 March 1952

Nationality: Swedish

1st appointment: In the Articles of Incorporation of 17 December 2013

Reappointments: AGMs of 5 May 2017 and 6 May 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since 2009: Founder and Chairman AB Marten Andersson Productions (AB MA Productions)

Mandates expiring during the last five years

- 2021-2024: Senior Advisor at the Global Fund for Cities Development (FMDV)
- 2018-2022: Member of the City Finance Lab Committee
- 2013-2020: Director at the Global Fund for Cities Development (FMDV)

Other areas of expertise and experience

- 2007-2009: Chairman & CEO of Bankhälsan i Stockholm AB, Hälsostrategen I Stockholm AB, and Galleriva AB
- 2001-2007: Head of Communications, Strategic adviser to the Chairman and financing expert for local and regional authorities, Svensk Exportkredit (Swedish export credit company)
- 1986-2001: Chairman & CEO of the Kommuninvest Group
- 1986-1986: Administrative director of the Örebro Regional Theatre
- 1984-1986: Chief Accountant and Financial Officer for the City of Karlstad
- 1976-1984: Chief Financial Officer for the City of Laxa

Mrs Sophie L'Hélias

Chairwoman of the Appointments, Remuneration and Corporate Governance Committee

Date of birth: 30 December 1963

Nationality: French

1st appointment: AGM, 4 February 2021

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since January 2024: Vice Chairwoman of Prospectives and Ideas at MEDEF
- Since December 2022: Member of the Board of Directors of IWG Plc
- Since 2021:
- Independent director of Herbalife Nutrition Ltd.
- Member of the High Committee of Corporate Governance (HCGE)
- Since 2020: Independent consultant at ImpactXXchange SAS
- Since 2018:
- Member of the Board of Directors of SICAV Échiquier Positive Impact
- Independent director and member of the Governance, Strategy and CSR Committee of Africa50 Infrastructure fund
- Since 2015: Fellow, The Conference Board, ESG Center
- Since 2000: Founder and Chairwoman of LeaderXXchange

Mandates expiring during the last five years

- 2021-2024: Member of the Board of Directors of the European Corporate Governance Institute (ECGI)
- January 2022-November 2022: Chairwoman of the Board of Directors of SUEZ SA
- 2015-2022: Member of the Advisory and Editorial Board of the Hawkamah Institute for Corporate Governance
- 2016-March 2021: Lead Director, member of the Audit and Remuneration Committee, and member of the Social, Nomination and Governance Committee of Kering SA
- 2019-2021: Member of the MEDEF Governance Committee

Other areas of expertise and experience

- Co-founder, International Corporate Governance Network (ICGN)
- 2017-2018: Advisor, UN Global Compact SDG leadership Blueprint, New York
- 1994-2001: CEO, Franklin Global Investors (FGIS)
- Barrister at the Paris and New York Bars (omitted)

Mrs Marie Lemarié

Member of the Audit Committee

Date of birth: 04 January 1972

Nationality: French

1st appointment: Co-opted by the Supervisory Board on 28 September 2022

Expiry of term of office: AGM 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since November 2024: SCOR CFO Strategic Advisor
- Since 2023: Member of the Board of Directors and of the Audit Committee, Getlink
- Since 2018: Member of the Board of Directors of SCOR IRELAND
- Since 2024: Member of the Board of Directors and Audit Committee of Eiffage.

Mandates expiring during the last five years

- 2018-November 2024: Chief Executive Officer of Scor Ireland
- 2012-2024: Member of the Board of Directors and Audit Committee of Eiffage

Other areas of expertise and experience

- 2015-2018: Director, Association Française des Gestionnaires Actif-passif [French Association of Asset and Liability Managers] (AFGAP)
- March 2012-June 2018: Director of Investments and Financial Operations, Groupama SA
- March 2012-June 2018: Director within various entities of the Groupama Group.
- February 2003-February 2012: Chief Investment Officer, Aviva France and Europe
- 1999-2003: Head of Diversified Management, State Street Bank
- 1996-1998: Economist, REXECODE

Mrs Sophie Souliac-Dallemagne

Member of the Appointments, Remuneration and Corporate Governance Committee
Chairwoman of the Risk Committee

Date of birth: 30 April 1970

Nationality: French

1st appointment: AGM, 5 December 2022

Expiry of term of office: AGM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since 2017: Chief Executive Officer of Hiram Finance France

Mandates expiring during the last five years

- None

Other areas of expertise and experience

- 2009-2017: Managing Consultant, Hiram Finance
- 2012-2016: Director, Conservatoire de Musique, Asnières sur Seine
- July 2007-April 2009: Chief Executive Officer, Natixis Alternative Investments Limited UK
- September 2002-September 2007: Co-CEO of structured products on alternative management funds, IXIS Corporate & Investment Bank
- 2000-2002: Risk Manager, IXIS Corporate & Investment Bank
- 1995-2000: Risk Controller, Caisse des Dépôts et Consignations

Mr Julien Denormandie

Member of the Strategy and Responsible Commitments Committee

Date of birth: 14 August 1980

Nationality: French

1st appointment*:*
AGM, 5 December 2022

Expiry of term of office:
AGM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since 2024: Director - KEPREA
- Since October 2022: Senior Advisor – RAISE
- Since September 2022: Chief Impact Officer, SWEEP
- Chairman, HMAGi SASU
- Director, Neoproprio (formerly Fleximmo)
- Director, Institut de la Finance Durable

Mandates expiring during the last five years

- July 2020-May 2022: Minister of Agriculture and Food
- October 2018-July 2020: Minister for the City and Housing

Other areas of expertise and experience

- June 2017-October 2018: Secretary of State for Territorial Cohesion
- April 2016-May 2017: Deputy General Secretary, En Marche
- 2014-2016: Deputy Chief of Staff, Economy Ministry
- 2012-2014: Adviser, Economy and Finance Ministry and Ministry of Foreign Trade
- 2010-May 2012: Bureau Chief, Treasury Department, Turkey, Balkans, CIS and Middle East Office
- 2008-2010: Economic Adviser: French Embassy in Egypt
- 2004-2008: Deputy Head of Office: Economy and Finance Ministry, Treasury Department Project Financing Office for the CIS and the Middle East

Mrs Estelle Grelier

Member of the Appointments, Remuneration and Corporate Governance Committee

Date of birth: 22 June 1973

Nationality: French

1st appointment:
AGM, 6 May 2024

Expiry of term of office:
AGM 2028

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since September 2024: Chairwoman of Fédération des Entreprises de l'eau (FP2E)
- Since June 2024: Director on the Board of Directors of Compagnie des Eaux de Royan (CER)
- Since January 2024:
  - Chairwoman of SAUR France
  - Chairwoman, GRIM HOLD

Mandates expiring during the last five years

- March 2018-January 2024: Director of Strategy and Development, SAUR Group
- January 2016-June 2021: Regional Councillor, Normandy Region

Other areas of expertise and experience

- February 2016-May 2017: Secretary of State for Territorial Authorities
- June 2012-February 2016: Representative of the 9^{th} district of Seine-Maritime
- 2008-2016: Vice Chairwoman, Assembly of Communities of France
- 2008-2014: Chairwoman, CDG 76
- 2001-2014: Chairwoman of the Fécamp Caux Littoral Conurbation
- 2009-2012: Member of the European Parliament

Mrs Lydie Assouline

Non-voting Director

Date of birth: 11 March 1960

Nationality: French

1st appointment*:* Appointed by the Supervisory Board on 4 December 2023

Expiry of term of office: June 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since January 2023: Board Member, Humoon
- Since January 2022: Senior Advisor, Blackfin

Mandates expiring during the last five years

- 2022: Member of the Board of Directors - New Access
- 2021: Executive Vice-President - Sopra Banking Software
- 2016-2020: Chief Executive Officer - SAB
- 2013-2020: CEO-SAB

Other areas of expertise and experience

- 2011-2013:
- COO Groupama GAN Vie
- Chairwoman of the Régime Interprofessionnel de Prévoyance [Interprofessional Provident Scheme] -Groupama
- 2010-2013: Member of the Board of Directors - GIE Groupama Logistique et Achats [Logistics and Procurement]
- 2001-2011: CIO & COO - Groupama Banque
- 2002-2010: Member of the Management Board - Groupama Banque
- 1997-2001: CIO - Groupama SA
- 1983-1997: Project Director and Account Director - IBM Global Services

Mr Olivier Labe

Non-voting Director

Date of birth: 13 October 1969

Nationality: French

1st appointment: Appointed by the Supervisory Board on 27 March 2024

Expiry of term of office: June 2025

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- None

Offices and positions held outside the Group

Offices currently held

- Since 2020:
  - Member of the Steering Committee, ICMA's Public Sector Issuer Forum
- Since 2018:
  - CFO Member of the Executive Committee BNG Bank
-

Mandates expiring during the last five years

- 2024: CEO ad interim, BNG
- 2018-2024:
  - Member of the advisory board, University of Amsterdam faculty of Economics
  - Chairman of the Supervisory Board of BNG Duurzaamheidsfonds (investments funds specialised in ESG initiatives at municipal level)
- 2016-2024: Supervisory board member, a.s.r Asset Management
- 2020-2024: Chairman of the Supervisory Board of BNG GO (subsidiary of BNG, specialised in Area Development)
- 2015-2023: Chairman of the Supervisory Board, HvO (mortgage subsidiary of BNG)

Other areas of expertise and experience

- 2015-2018: Executive Board Member, BNG Bank
- 2010-2015: Managing Director Treasury & Capital Markets, BNG Bank
- 2007-2010: Senior Dealer Treasury, BNG Bank
- 2005-2007: Manager Global Treasury Operations – Europe, Unilever
- 2001-2005: Senior Dealer Treasury Operations, Unilever

- **Changes in the composition of the Supervisory Board and specialised committees during the financial year 2024:**

	Departures	Appointments - Co-optations
Supervisory Board	Supervisory Board meeting of 11 June 2024: - Delphine Cervelle (resignation with effect from 15 June 2024 onwards)	Supervisory Board meeting of 27 March 2024: Appointment of Olivier Labe as non-voting member of the Supervisory Board. General Meeting of Shareholders of 6 May 2024: Appointment of Estelle Grelier
Risk Committee		Supervisory Board meeting of 27 March 2024: Appointment of Sophie Souliac as Committee Chairwoman
Audit committee		
ACCGC		Supervisory Board meeting of 11 June 2024: Appointment of Estelle Grelier
Strategy and Responsible Commitments Committee	Supervisory Board meeting of 11 June 2024: Resignation of Delphine Cervelle (with effect from 15 June 2024)	
Non-voting director(s)		Supervisory Board meeting of 27 March 2024: Appointment of Olivier Labe

3.1.2. Rules applicable to the appointment of members of the Supervisory Board

- **Members of the Supervisory Board**

In accordance with the legal provisions in effect, the appointment of Supervisory Board members is a matter for the Ordinary General Meeting of shareholders.

Pursuant to Article L.225-78 of the French Commercial Code, the Company's Articles of Association further stipulate that if one or more members vacate their seat due to death or resignation, the Supervisory Board has the option of co-opting a new member in order to replace those members on a provisional basis and the appointment must be ratified by the next General Meeting following the appointment.

This procedure is also applicable in the event that the number of members on the Supervisory Board falls below the statutory minimum (eight [8] members), for the purpose of adding new members within three months of the day on which the vacancy arises.

All applications for memberships of the Supervisory Board are reviewed, prior to their submission to the General Meeting of Shareholders of the Company, by the ACCGC of AFL and the ACCGC of the Société Territoriale, pursuant to Article 15.2.1 of the Company's Articles of Association, in such a way as to ensure the compliance of the composition of the Supervisory Board.

While taking into account the specificities of the AFL Group, the directors are appointed in consideration of their skills and experience in relation to the activities of the Company and the AFL Group. This assessment is made on the basis of a skills analysis grid, both individually and considering the collective expertise of the Board. Appointments are approved by the supervisory authorities (so-called “fit and proper” analysis).

- Non-voting directors

Pursuant to article 15.12.1 of the Company’s Articles of Association, the non-voting directors are appointed by the Supervisory Board, after hearing the opinion of the ACCGC of the AFL and the Board of Directors of the AFL-ST, after hearing the opinion of the ACCGC of that company.

3.1.3. Knowledge, skills, and experience of the Supervisory Board members

The diversity and complementarity of the profiles of the members of the Supervisory Board enable all the key skills to be represented, in such a way as to understand the activity and challenges of Agence France Locale.

In order to ensure a balanced composition, the Board has a reference framework based on a matrix of the key skills of its members in the areas essential to the Company’s business: knowledge of the financial sector and regulatory requirements, strategy/leadership, risk management, governance, accounting and financial information of a reporting institution, CSR, marketing & communication, ICT and cybersecurity, HR, institutional organisation and local public sector finance.

All these key skills are represented on the Supervisory Board.

- Evaluation of the individual contribution of the Members of the Supervisory Board

The ACCGC of the Company, which met on 5 November 2024, confirmed that all of the members of the Supervisory Board have key expertise with regard to the Company’s business, enabling it and the AFL Group to develop under the aegis of a high-quality Board.

The composition of the Supervisory Board and its Committees thus corresponds to the governance requirements of the Company’s business, by combining local public sector finance experts with independent professionals recognised for their professional skills in banking, finance and/or risk supervision, or their professional skills in any other field useful for the proper supervision of the Company, as determined by the Supervisory Board.

The coexistence within the Supervisory Board of skills and expertise in the banking sector, combined with a strong knowledge of local public sector issues and the workings of local authorities, is considered essential by the members of the Supervisory Board interviewed as part of the assessment of the Board.

- Training of Board members

In accordance with the training plan of the AFL Group, any new member of the AFL Supervisory Board receives training sessions on the regulatory and strategic issues faced by the AFL Group and the governance principles of the AFL Group.

- Conflicts of interest:

The Code of Ethics for the members of the Supervisory Board details all of the rights and obligations incumbent upon the members of the Supervisory Board, both collectively and individually, particularly with regard to the management of conflicts of interest and the duty to alert in the event of wrongdoing.

The ACCGC conducts an annual review of the mandates and other functions exercised by the members of the Supervisory Board outside the AFL Group, in order to prevent the occurrence of conflicts of interest.

In the event that potential conflicts of interest arise, the member of the Board or Committee concerned takes all necessary measures to address the conflict of interest, and particularly abstains from participating in discussions and decision on the matter concerned, in conformance with the Conflicts of Interest Policy adopted by the Supervisory Board of the Company and the Board of Directors of the AFL-ST.

During the 2024 financial year, no member of the Supervisory Board identified a conflict of interest with the performance of his or her duties within the AFL, with this acknowledged by the Company's ACCGC on 4 March 2025.

3.1.4. Independence of the members of the Supervisory Board

In accordance with Article 15.1.4 of the Company's Articles of Association, a majority of the members of the Supervisory Board must be independent.

This independence of the members of the AFL Supervisory Board is guaranteed by the combined application of the independence criteria stipulated respectively in the AFEP-MEDEF Code (Article 10.5)[5], and the Internal Regulations of the AFL Supervisory Board.

Under the terms of Article 2.4 (e) of the Supervisory Board's Internal Regulations, members representing the AFL-ST or who derive from local authorities that are shareholders in the AFL-ST do not qualify as independent, given their involvement in the governance of the parent company and the capital links between the local authority from which they derive and the AFL Group.

The AFL Group specifically excludes from the definition of independent members (in addition to the criteria stipulated by the AFEP-MEDEF code) any elected representative or employee of a local authority that is a shareholder in the AFL Group, regardless of the percentage of the share capital held (Article 2.4 (e) of the Supervisory Board's internal regulations).

In addition, pursuant to the Internal Regulations of the Supervisory Board and the AFEP-MEDEF Code, after 12 years on the Board, the status of independent director is lost, with the loss of the status of independent member occurring on expiry of the term of office during which this twelve-year period is exceeded.

The following table summarises the independence criteria for Supervisory Board members.

By way of application of the provisions of Article 10.4 of the AFEP-MEDEF Code, the ACCGC discussed the independent director status of each member of the Board as part of its annual assessment of the functioning of the Supervisory Board.

At 31 December 2024, and according to the findings of the ACCGC, the Supervisory Board had 9 independent members out of 12, i.e. 75% (excluding the non-voting directors).

[5] And appearing in the Annex of this Report.

Criteria[6]	Criterion 1 – AFEP-MEDEF Code Employee, corporate officer/Executive officer/director of the company or its parent company or the consolidated company during the five years preceding their appointment	Criterion 2 – AFEP-MEDEF Code Cross-directorships	Criterion 3 – AFEP-MEDEF Code Significant business relationships	Criterion 4 – Family ties	Criterion 5 – AFEP-MEDEF Code Statutory Auditors	Criterion 6 – AFEP-MEDEF Code Term of office exceeding 12 years	Criterion 7 – AFEP-MEDEF Code Non-executive director status	Criterion 8 – AFEP-MEDEF Code Status of major shareholder	Criterion specific to the AFL Group: Elected official or employee of a local authority which is a shareholder of the AFL Group[7]
Sacha Briand *Non-independent*	X[8]	X See the previous column	✓	✓	✓	✓	✓	X[9]	X
Marie Ducamin *Non-independent*	X[10]	X See the previous column	✓	✓	✓	✓	✓	X[11]	X
Olivier Landel *Non-independent*	X[12]	X See the previous column	✓	✓	✓	✓	✓	✓	✓
Lars Andersson *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Victoire Aubry *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
François Drouin *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nicolas Fourt *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sophie L'Hélias *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marie Lemarié *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sophie Souliac *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Julien Denormandie *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estelle Grelier *Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lydie Assouline	✓	✓	✓	✓	✓	✓	✓	✓	✓

Non-Voting Director - Independent									
Olivier Labe *Non-Voting Director - Independent*	✓	✓	✓	✓	✓	✓	✓	✓	✓

3.1.5. Balanced composition of the Board and Committees and objectives pursued

Gender balance, and diversity in general, form an important part of the values of the Agence France Locale Group.

Agence France Locale has set targets to ensure a balance between men and women on its Supervisory Board, voluntarily applying the rules for having 40% representation of women on the Supervisory Board in Article L.225-69-1, 1 of the French Commercial Code and in Article 8 of the AFEP-MEDEF Code (even though the Company does not fall within the field of application of these texts). Thus, the Board's internal regulations affirm the objective of gender equality on the Board[13].

At the close of the 2024 financial year, the Supervisory Board consisted of 6 women and 6 men (other than non-voting members).

The gender balance objective has also been achieved within the Board's specialist committees.

In addition, the Board's internal regulations affirm the gender equality objective within the Management Board. At 31 December 2024, the mixed gender objective was met on the Management Board, with two women and three men.

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[6] ✓ represents a criterion of independence met and X a criterion of independence not met
[7] Article 2.4(e) of the Supervisory Board's internal regulations
[8] Mr Briand also holds the position of Deputy Chairman of the Board of Directors of AFL-ST.
[9] (i) Deputy Chairman of the Toulouse Metropolitan Area, (ii) Deputy Mayor of the city of Toulouse, (iii) Regional Councillor for the Occitanie Region, and (iv) Member of the Trade Union Committee of SM Tisséo Collectivity, shareholders in AFL-ST.
[10] Mrs Ducamin also holds the position of Chairwoman of the Board of Directors of AFL-ST.
[11] Deputy Chairwoman responsible for finance for the Metropolitan Council of Rennes
[12] Mr Landel holds the position of Chief Executive Officer of AFL-ST
[13] Article 2.6 of the Board's internal regulations

3.1.6. Conditions for preparing and organising the Board's work

- Overview of the duties of the Supervisory Board:

The Supervisory Board defines the major strategic orientations and exercises permanent control over the management of the Company by the Management Board. At any time of the year, it carries out the checks and controls that it considers appropriate and may be given such documents that it regards as necessary for the accomplishment of its duties. The operation of the Supervisory Board is governed by the Company's Articles of Association and by its Internal Regulations.

The Supervisory Board's Internal Regulations affirm the Supervisory Board's role in CSR strategy, in line with the recommendations of the AFEP MEDEF Code. In accordance with its provisions, the Supervisory Board, acting on a proposal from the Management Board, determines multi-year strategic guidelines in terms of social and environmental responsibility. The Management Board presents the procedures for implementing this strategy to the Supervisory Board, including an action plan and the time frames within which these actions will be carried out. The Management Board reports annually to the Supervisory Board on the results achieved. Each year, the Supervisory Board examines the results obtained and the appropriateness, if any, of adapting the action plan or modifying the objectives, particularly in the light of changes in the company's strategy, technologies, shareholder expectations and the economic capacity to implement them. The CSR strategy, as well as the main actions undertaken to this end are presented to the Ordinary General Meeting at least every three years or in the event of a significant change in strategy.

The following decisions may only be taken by the Management Board with the prior authorisation of the Supervisory Board (Article 15.8 of the Articles of Association):

- transfers of property assets, total or partial transfers of shareholdings and establishment of security interests;

- decisions relating to the Company's major strategic, economic, financial or technological policies and the definition of its annual financing policy;

- the strategic plan and the decisions relating notably to the launch of new activities, acquisitions of companies, entry into any alliance or partnership, transfers of assets (including universal transfers of assets) of a significant amount and, more generally, any significant investment or disinvestment;

- decisions relating to the granting of options to subscribe for or purchase shares or equivalent securities to company officers and/or executives, as well as the allocation of free shares;

- decisions relating to financing that may substantially alter the financial structure of the Company, which were not considered when the annual financing policy was defined;

- the draft resolutions to be submitted to the General Meeting of Shareholders pursuant to Article L.228-92 of the French Commercial Code, relating to issuance of securities, whether or not these grant access to share capital and/or voting rights, and the establishment of terms and conditions for the issuance of the said securities; and

- the proposed dividend distributions and similar transactions.

- Organisation of meetings:

The procedures for organising meetings of the Supervisory Board and its specialised committees are determined by the Articles of Association and the internal regulations of the Supervisory Board.

The Supervisory Board meets at least once a quarter. It deliberates on the agenda covering all matters that must be submitted to it pursuant to the law, regulations and the Articles of Association.

Depending on the issues included on the agenda, the Chairperson of the Supervisory Board may decide, on a proposal from a member of the Supervisory Board, to invite any person he or she considers useful, whether or not the said person is an employee of the Company, to present information or contribute to the preparatory discussions for the deliberations. The Statutory Auditors are invited to all meetings of the Supervisory Board during which the annual or half-year financial statements are reviewed.

Supervisory Board meetings are called by the Chairman of the Supervisory Board or, if he is unable to attend, by the Deputy Chairman. Meetings of the Supervisory Board may be called by any means. The notice period for calling a meeting is eight calendar days, which may be shortened in event of a duly justified emergency. The Supervisory Board may validly deliberate even if no meeting has been called if all of its members are present, deemed present or represented (until 6 May 2024 where representation by another member was authorised by the Articles of Association).[14]

With the same notice period, except in the case of emergency, the members of the Supervisory Board shall receive the meeting agenda, as well as the items necessary for their consideration, so they can make an informed decision on the issues entered on the agenda. Documents are transmitted in encrypted mode via a highly secure dedicated digital space.

Supervisory Board members have the option of participating in Board meetings via videoconference, except for Supervisory Board meetings called for the purpose of approving the annual financial statements.

[14] Regarding representation, see section 4.1.1 of this report.

Each Supervisory Board member may arrange for notification of any documents that he/she considers useful or necessary for the performance of his/her duties. The obligation to obtain documents is matched by the right to obtain the information requested.

All participants in meetings of the Supervisory Board are bound by an obligation of confidentiality and discretion regarding the information exchanged at these meetings.

- Summary of the Board's activities during the past financial year:

Other than the matters and decision related to legal requirements, particularly regarding examining the annual and half-yearly financial statements, the Supervisory Board discussed all major transactions conducted in 2024.

The Supervisory Board met four times in 2024 and notably approved the following items:

- Strategy:
  - strategy for growth, membership development and communication;
  - CSR strategy, including implementing the CSR-ESG roadmap;
  - financial strategy, particularly:
    - authorisation for the acquisition of new premises for office use in anticipation of growth of the AFL Group, to be held by a Company subsidiary created for this purpose;
    - studying the impacts of obtaining a 0% weighting for the debt of local authorities on AFL;
    - studying means for strengthening equity capital, including authorising settlement of negative retained earnings by reducing AFL capital and authorising the issuance of so-called deeply subordinated bonds, potentially eligible for *additional tier 1 equity treatment*;
    - authorisation the implementation of rating by Fitch Ratings instead of by Moody's;
    - opinion on raising the cap on the guarantee granted by the AFL-ST (ST Guarantee);
    - reviewing possible changes in financial strategy regarding the size of the liquidity reserve and changes in the evolving context.
- Budget and financial and commercial outlook:
  - validation of the 2024-2029 business plan;
  - examination of the outlook for the previous financial year, validation of the provisional budget for the coming financial year;
  - opinion on the draft annual review of the *k* factor to be submitted to the AFL-ST Board of Directors;

- Review of financial policies:
  - liquidity policy;

- interest rate and foreign exchange risk hedging policy;
- policy on investment (including responsible investment) and management of credit risk from market activities;
- lending policy;
- credit rating policy;
- financial strategy and risk appetite;

▪ Debt programs (EMTN and ECP):
  - approval of the borrowing program and the issuance ceiling for the coming financial year;

▪ Review of compensation policies:
  - amount of fixed and variable compensation granted to members of the Management Board for the financial year (2023);
  - compensation packages for the financial year allocated to employees, specifically those classed as "*risk-takers*";
  - compensation policy for the financial year, including the professional and equal pay policy;
  - establishment of quantitative and/or qualitative annual targets for the determination of variable compensation for the financial year;
  - gender equality policy;
  - breakdown of the total amount of compensation allocated by the General Meeting to the members of the Supervisory Board for the prior financial year and opinion on the principle of compensation allocation for the current financial year;
  - reviewing the new incentive agreement for 2024, 2025 and 2026.

▪ Review of regulated agreements:
  - annual review of previously concluded regulated agreements, which continued to be executed during the current financial year;

▪ Review of internal control and risk monitoring:
  - work and outcomes of internal control and risk monitoring;
  - mapping of global risks;
  - Price of products and services cited in Article L.511-94 of the French Monetary and Financial Code:
  - policy on outsourcing, including review of steps taken to control outsourced activities;
  - procedure for significant incidents;
  - liquidity position;
  - Internal Control Charter;
  - Annual Report on Internal Control (ARIC);
  - Annual Report on Internal Control for AML-CFT;

- approval of the Internal Capital Adequacy Assessment Process (ICAAP);
- review of the Emergency Liquidity Restoration Plan (ELRP);
- Contingency and Business Continuity Plan (CBCP);
- review of the GDPR policy;

▪ ICT & ISS
  - approval of the ICT strategy and review of the implementation of an effective risk management framework for ICT and security risks;
  - review of IS and ISS security policy;
  - approval of the Information Systems Master Plan for 2025-2030;

▪ Periodic control activities:
  - half-yearly reports (including recommendations, implementation of remedial measures, and follow-up of their implementation);
  - approval of the periodic audit plan for the next financial year;

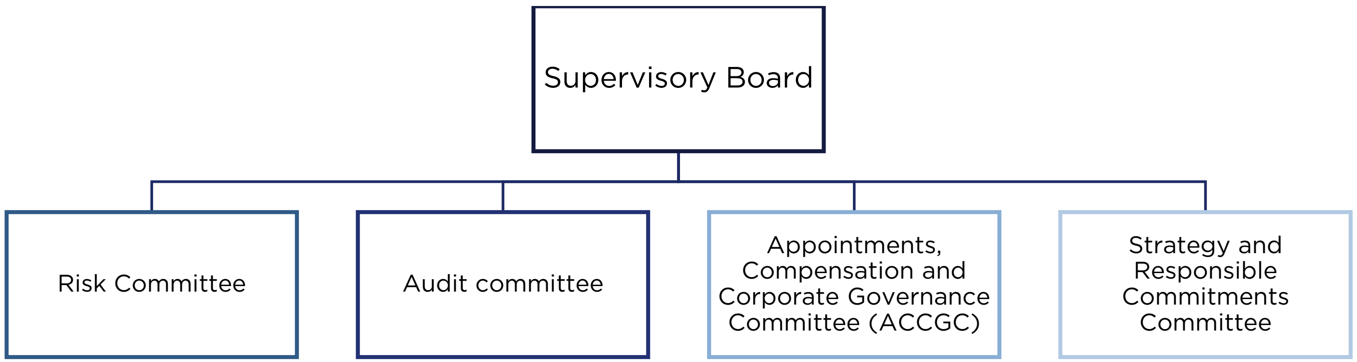
- **Governance:**
  - work on the composition of the Supervisory Board, preparing for reappointment of the Supervisory Board in May 2025;
  - evaluation of the collective operation of the Supervisory Board and its committees, as well as the experience and skills of individual Supervisory Board members, and assessment of the absence of conflicts of interest;
  - review of gender representation on the Company's Supervisory Board;
  - review of the diversity policy within the governing bodies;
  - amendment of the Supervisory's Board's Internal Regulations and the Company's Articles of Association;
  - approval of this Corporate Governance Report.

In accordance with the applicable regulations and the provisions of the Internal Regulations of the Supervisory Board, the members of the Supervisory Board have been duly informed of the work and recommendations of the specialised committees and of the Statutory Auditors.

The minutes of the meetings of the Supervisory Board were validated at the following meeting. This validation confirmed the faithful transcription of the contents of the minutes.

3.2.The specialised committees of the Supervisory Board

The Supervisory Board is supported in its work by four specialised committees:



The Committees have the role of providing in-depth analysis and reflection prior to the discussions of the Supervisory Board and assisting with the preparation of its decisions. They have no decision-making powers and their opinions, proposals or recommendations are not binding on the Supervisory Board when it takes its final decisions.

The Internal Regulations of the Supervisory Board define precisely how the Committees operate and their duties. In order to carry out their duties, each committee has at its disposal all the resources made available to it by virtue of the Internal Regulations of the Supervisory Board.

Meeting on 27 March 2024, the Supervisory Board, having received the positive opinions of the ACCGC and the Audit and Risk Committee, amended the Supervisory Board's internal regulations in such a way as to:

- split the Audit and Risk Committee into two separate committees, the Audit Committee and the Risk Committee, with approval at the General Meeting of Shareholders on 6 May 2024;
- specify the powers of each of these Committees, with affect from 7 May 2024.

3.2.1. Risk Committee

a) Composition of the Risk Committee

At 31 December 2024, the Risk Committee had four members: Mrs Victoire Aubry, Mr Olivier Landel, Mr François Drouin, and its Chairwoman Mrs Sophie Souliac.

b) Conditions for preparing and organising the work of the Committee

▪ <u>Overview of the duties of the Committee and organisation of the meetings</u>

The Risk Committee has the duty of Risk Committee verifying the effectiveness of internal control and risk management procedures:

(i) providing its advice and assistance to the Supervisory Board with regard to monitoring the risk strategy, risk appetite, and management of equity capital and liquidity;
(ii) supervising the adequacy of all financial products and services proposed by the AFL, with AFL's business model and risk strategy;
(iii) evaluating the recommendations from internal or external auditors and monitoring appropriate implementation of the adopted measures.

The Risk Committee reports regularly to the Supervisory Board on the performance of its duties and informs it immediately of any difficulties encountered. These reports shall be inserted either in the minutes of the relevant meetings of the Supervisory Board, or as an annex to the minutes.

The Risk Committee meets at least twice a year, and as often as the Company's interests require.

- Summary of the work of the Risk Committee during the past financial year

During the 2024 financial year, the Risk Committee met four times (including one meeting jointly with the Audit Committee). Its work addressed all the points falling within its remit before submission to the Supervisory Board.

3.2.2. Audit Committee

a) Composition of the Audit Committee

At 31 December 2024, the Audit Committee had four members: Mrs Victoire Aubry, Mr Olivier Landel, Mrs Marie Lemarié, and its Chairman, Mr François Drouin.

c) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The principal duty of the Audit Committee is:

(i) to audit the process for preparing and disseminating accounting and financial information;
(ii) to evaluate the relevance and continuity of accounting principles and methods adopted for the preparation of individual and consolidated annual and half-yearly financial statements;
(iii) to ensure by any means the quality of the financial and accounting information provided to the Supervisory Board;
(iv) to give the committee its assessment of the work performed by the Statutory Auditors and its opinion on the renewal of their mandate.

The Audit Committee reports regularly to the Supervisory Board on the performance of its duties and informs it immediately of any difficulties encountered. These reports shall be inserted either in the minutes of the relevant meetings of the Supervisory Board, or as an annex to the minutes.

The Audit Committee meets at least twice a year to review the annual and half-year financial statements, and as often as the Company's interests require.

- Summary of the Audit Committee's activities during the past financial year

During the 2024 financial year, the Audit Committee met four times. Its work addressed all the points falling within its remit before submission to the Supervisory Board.

3.2.3. The Appointments, Compensation and Corporate Governance Committee (*ACCGC*)

a) Composition

At 31 December 2024, the ACCGC had four members: Mr Olivier Landel, Mrs Sophie Souliac, Mrs Estelle Grelier and its Chairwoman, Mrs Sophie L'Hélias.

b) Conditions for preparing and organising the work of the Committee

- Overview of the duties of the Committee and organisation of the meetings

The ACCGC's primary duties are:

(i) to examine any candidatures for the position of Supervisory Board member and the composition of the Board and its committees;
(ii) to make recommendations on the appointment or succession of executive directors;
(iii) to ensure compliance with the rules of governance and the proper functioning of the corporate bodies, in particular, by conducting an annual review of the functioning of the Supervisory Board and its Committees, and proposing any areas for improvement;
(iv) to assess the collective competence and ensure the experience and individual skills of the members of the Supervisory Board, guaranteeing the collective functioning of the Board, and to discuss annually the qualification of "independent" member; and
(v) to examine annually the Company's compensation policy, and formulate an opinion, notably on the compensation and performance objectives allocated to Board directors and risk-takers.

- Summary of the Committee's activities during the past financial year

In 2024, the ACCGC met four times. Its work notably related to all of the points falling within its competence before submission to the Supervisory Board.

In particular, during the financial year 2024, the ACCGC:

- continued the preparation of the Board succession plan in light of its reappointment in 2025;
- examined the candidature of Mr Olivier Roullé for the Management Board of the AFL;
- reviewed the new incentive agreement;
- worked on the creation of an Audit Committee and a Risk Committee with review of the planned composition of each of the Committees and an opinion on the changes made to the Supervisory Board's Internal Regulations.

In addition, the AFL Management Board Chairman informed the Chairman of the Supervisory Board and the Chairman of the ACCGC of the Management Board's succession plan.

3.2.4. Strategy and Responsible Commitments Committee

a) Composition

At 31 December 2024, the Strategy and Responsible Commitments Committee had four members: Mr Olivier Landel, Mr Nicolas Fourt, Mr Julien Denormandie and its Chairman, Mr Lars Andersson.

b) Conditions for preparing and organising the work of the Committee

▪ Overview of the duties of the Committee and organisation of the meetings

The Strategy and Responsible Commitments Committee examines and monitors the implementation of the Company's strategic plan, as well as its strategic projects and operations. As such, it expresses its opinion on:

– major strategic orientations;

– development and communication policy;

– the major financing and refinancing projects or programmes envisaged;

– multi-year CSR guidelines. In this capacity, it prepares the Supervisory Board's decisions on CSR strategy. In particular:

    o It gives its opinion on the procedures for implementing the social and environmental responsibility strategy, the action plans and the time frames within which these actions will be carried out;

- Each year, it examines the results obtained and makes recommendations on whether it would be appropriate to adapt the action plan or modify the objectives, particularly in the light of changes in the company's strategy, technologies, shareholder expectations and the economic capacity to implement them.

The Strategy and Responsible Commitments Committee also studies and examines draft strategic agreements and partnerships and, more generally, any significant project; the assessment of whether a project is significant is the responsibility of the Strategy Committee Chairman, notably based on the amount of commitments associated with the project.)

In general, the Strategy and Responsible Commitments Committee gives its opinion on any strategic issue referred to it by the Supervisory Board.

The Strategy and Responsible Commitments Committee meets as often as its members consider necessary, and at least before each quarterly Supervisory Board meeting.

- Summary of the Committee's activities during the past financial year

During the 2024 financial year, the Strategy Committee met four times. Its work notably related to all of the points falling within its competence before submission to the Supervisory Board.

The Strategy and Responsible Commitments Committee examines on a recurring basis certain major themes for defining the AFL Group's strategy, including:

- changes in the regulatory and competitive environment;
- changes in the situation of French local authorities with regard to loans and AFL's market share;
- the growth strategy: development of memberships, marketing and communication;
- the CSR strategy.

The Strategy and Responsible Commitments Committee also focuses its discussions on themes that it identifies as representative of the major strategic issues for the AFL Group, such as, for the past financial year:

- equity capital development;
- the acquisition of new premises for office use in anticipation of growth in the AFL Group.

3.2.5. Attendance of members at meetings of the Supervisory Board and specialised committees: attendance at meetings of members of the Supervisory Board and its specialised committees during the 2024 financial year

All Supervisory Board and Committee meetings met the quorum and majority conditions required by the Articles of Association at the first calling. The attendance rate remained high during the 2024 financial year, testifying to the commitment of Supervisory Board members. The following table presents attendance of the members of the Board and Specialised Committees at meetings, based on the attendance sheets signed at the start of the meeting (other than non-voting members).

	Supervisory Board		Audit committee		Risk Committee		ACCGC		Strategy and Responsible Commitments Committee		
Attendance in 2024	No. of meetings	Actual attendance	No. of meetings	Actual attendance	No. of meetings	Actual attendance	Actual attendance	No. of meetings	No. of meetings	Actual attendance	*Individual attendance rate*
S. Briand 4		4	-	-	-	-	-	-	-	-	*100%*
M. Ducamin 4		4	-	-	-	-	-	-	-	-	*100%*
O. Landel	4	4	4	4	4	4	4	4	4	4	*100%*
L. Andersson	4	4	-	-	-	-	-	-	4	4	*100%*
V. Aubry-Berrurier	4	3	4	4	4	4	-	-	-	-	*92%*
F. Drouin	4	4	4	4	4	4	-	-	-	-	*100%*
N. Fourt	4	3	-	-	-	-	-	-	4	4	*88%*
S. L'Hélias	4	4	-	-	-	-	4	4	-	-	*100%*
S. Souliac	4	4	-	-	3***	3	4	4	-	-	*100%*
D. Cervelle*	2	2	-	-	-	-	-	-	2	0	*100%*
E. Grelier**	3	3	-	-	-	-	2	2	-	-	*100%*
M. Lemarié	4	4	4	4	-	-	-	-	-	-	*100%*

J. Denormandie	4	3	-	-	-	-	-	-	4	3	*75%*
Average attendance rate		94%		100%		100%		100%		83%	

*Director whose resignation was noted by the Supervisory Board on 11 June 2024.
**Director appointed by the General Meeting on 6 May 2024.

***Splitting of the Audit and Risk Committee starting on 7 May 2024

3.3.The Management Board

a) Composition

Members of the Management Board are appointed by the Supervisory Board on recommendation of the Company's ACCGC.

In accordance with the rules of the AFL Group on capital structure, no member of the Management Board holds shares in AFL.

Composition of the Management Board on the date of this Report:

Mr Yves Millardet

Chairman of the Management Board

Date of birth: 24 August 1964

Nationality: French

1st appointment: Supervisory Board meeting of 17 December 2013

Reappointment: Supervisory Board meeting of 26 March 2020

Expiry of term of office: AGM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Since 5 June 2014: Deputy Managing Director of AFL-ST
- Since 6 June 2024, Permanent representative of the Agence France Locale, as the Sole Partner of the SASU Agence France Locale - Foncière

Offices and positions held outside the Group

Offices currently held

- Since June 2024: Member of the Board of Directors of EAPB
- Since 2021:
  - Manager of SCI 3 plage
  - Manager of SCI 13 Koz-Ker
- Since 2020: Permanent representative of the AFL, member of the Bureau of the Board of Directors of the OCBF, mission delegated to Ariane Chazel.

Mandates expiring during the last five years

- None

Other areas of expertise and experience

- 2022: Approval of the 4 training modules on information systems security (ISS) designed by the ANSSI training centre (CFSSI) – MOOC SecNumacadémie
- 2007-2013: Senior Banker, Natixis
- 2001-2007: Senior Banker, ABN AMRO
- 1996-2001: Originator, Caisse des Dépôts et Consignations
- 1993-1996: Consultant, FCL Group
- 1989-1992: Consultant, Cailliau Dedouit & Associés

Mrs Laurence Leydier

Member of the Management Board

Date of birth: 13 May 1974 **Nationality**: French **1st appointment**: Supervisory Board meeting of 28 September 2022 ***Expiry of term of office:*** AGM 2028 ***Business address:*** 112, rue Garibaldi, 69006 Lyon	**Offices and positions held within the Group since its incorporation** ▪ Since October 2022: Director of Membership and Credit at AFL ▪ 2021-October 2022: Deputy Director of Membership and Credit at AFL ▪ 2014-2021: Head of community relations in AFL's Membership and Credit Department **Offices and positions held outside the Group** Offices currently held: ▪ None Mandates expiring during the last five years: ▪ None **Other areas of expertise and experience** ▪ 2011-2014: ▪ Head of the South-East Region Trading Room, Crédit Agricole CIB ▪ Sponsor of Regional Authorities – CACIB relationship, Crédit Agricole CIB ▪ 2004-2011: Trader, interest rate and currency derivatives, Crédit Agricole CIB ▪ 1997- 2004: Trader, SGCIB

Mr Thiébaut Julin

Member of the Management Board

Date of birth: 16 September 1961

Nationality: French

1st appointment: Supervisory Board meeting of 25 March 2014

Reappointment: Supervisory Board meeting of 26 March 2020

Expiry of term of office: AGM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Chief Executive Officer and Chief Financial Officer of AFL
- Since 5 June 2024, CEO of the Agence France Locale - Foncière

Offices and positions held outside the Group

Offices currently held

- None

Mandates expiring during the last five years

- None

Other areas of expertise and experience

- 2005-2014: Senior Banker, Natixis
- 1988-2005: Head of Resources, African Development Bank
- 1992-1997: Manager, Daiwa

Mrs Ariane Chazel

Member of the Management Board

Date of birth: 16 March 1970

Nationality: French

1st appointment: Supervisory Board meeting of 05 June 2014

Reappointment: Supervisory Board meeting of 26 March 2020

Expiry of term of office: AGM 2026

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Director of Commitments and Risks, Climate and Sustainable Finance at AFL

Offices and positions held outside the Group

Offices currently held

- Since June 2024: Member of the Board of Directors of the Maison des Polytechniciens
- Since June 2023: General Secretary of the École Polytechnique Alumni Association
- Since July 2022: Member of the Board of Directors of the X Alumni association
- Since 2020: Alternate permanent representative of AFL, member of the Bureau of the Board of Directors of the OCBF
- Since 2000: Member of the Board of Directors of the X-Finance association

Mandates expiring during the last five years

- December 2022-May 2024: Treasurer of the OCBF
- 2019-2021: Chairwoman of the Board of Directors of the X-Finance association

Other areas of expertise and experience

- 2022: Approval of the 4 training modules on information systems security (ISS) designed by the ANSSI training centre (CFSSI) – MOOC SecNumacadémie
- 2013-2014: Director of Rare Resources Development, BGC, Natixis
- 2009-2013: BGC strategy, Natixis
- 2002-2009: Fund structuring, Natixis
- 1997-2001: Financial engineering, La Poste Group

Mr Olivier Roullé

Member of the Management Board

Date of birth: 27 May 1965

Nationality: French

1st appointment: Supervisory Board meeting of 27 March 2024

Expiry of term of office: AGM 2030

Business address: 112, rue Garibaldi, 69006 Lyon

Offices and positions held within the Group since its incorporation

- Chief Executive Officer
  - Director of Information Systems
  - Director of Human Resources

Offices and positions held outside the Group

Offices currently held	Mandates expiring during the last five years
▪ Since 2023: Member of the Board of Directors of the Club utilisateurs SAB	▪ None

Other areas of expertise and experience

- 1998-2013: Director of Information Systems Studies and Developments, France AgriMer
- 1988-1998: Information Systems Project Manager, T-SYSTEM & SOLERI CIGEL

b) Powers of the Management Board

The members of the Management Board collectively manage the Company.

The Management Board is vested with the most extensive powers to act under all circumstances on the Company's behalf, within the limit of the company purpose and subject to the powers expressly allocated by law and by the Company's Articles of Association to the Supervisory Board and to the General Meeting of Shareholders.

The Management Board meets at least once a month, and, in any event, as many times as the interests of the Company require.

The Supervisory Board's and the Management Board's Internal Regulations, as approved by the Supervisory Board, define and govern the powers, authorities and duties of the Management Board and its members, and its interactions with the Supervisory Board.

4. Compensation

Items of compensation and the criteria used to determine them are approved by the Supervisory Board on recommendation of the ACCGC, pursuant to the law.

4.1. Members of the Supervisory Board and its specialised committees

4.1.1. Principles and terms of payment of remuneration

- Members of the Supervisory Board

In accordance with the applicable laws, members of the Supervisory Board may receive compensation for their corporate duties. Total annual compensation is set by the General Meeting of Shareholders. It is the responsibility of the Supervisory Board, based on the opinion of the ACCGC, to allocate this total compensation among the members by applying the rules applicable to the duties and compensation of the members of the Supervisory Board defined in Article 13 of the Supervisory Board's Internal Regulations.

The AFL General Shareholders' Meeting of 6 May 2024 set the maximum total annual amount of remuneration to be distributed among the members of the Supervisory Board at €255,000 (two hundred and fifty-five thousand euros) for the financial year 2024 and for subsequent financial years.

In order to take account of the specific nature of their functions within the Supervisory Board, the following members of the Board receive different compensation:

- the Chairman of the Supervisory Board;
- the Chairpersons of the Specialised Committees of the Supervisory Board;
  the members of the Board who are also members of a Specialised Committee.

The rules regarding representation of members of the Board and its committees, applicable until 6 May 2024, were as follows:

- Each year, Supervisory Board members may be represented, at most:
  - at two meetings of the Supervisory Board, or
  - at two Committee meetings, or
  - at one Supervisory Board meeting and one Committee meeting, with the exception of the sessions regarding the review of the annual financial statements.
- Beyond this, proxy attendance by members of the Supervisory Board, while legally valid for the calculation of the quorum and majority, shall not count towards the allocation of compensation.

In order to encourage active participation of the members in the meetings of the Supervisory Board and its Committees, with a view to good governance, the General Meeting of Shareholders on 6 May 2024 amended the Company's Articles of Association to remove the option that had been offered to members of the Board and/or its Committees until that time of being represented by another director at the meetings.

Notwithstanding the above, in view of the legal regime governing incompatibilities applicable to holders of national or local elective offices, compensation may under no circumstances be awarded to members of the Supervisory Board who also hold national elective offices. Thus, Mr Sacha Briand and Mrs Marie Ducamin do not receive any remuneration for the performance of their duties on the AFL Supervisory Board.

Mr Olivier Landel, who receives remuneration from AFL-ST in his capacity as Chief Executive Officer, does not receive any remuneration for his duties on the Company's Supervisory Board.

By way of his duties within the AFL Group, Mr Olivier Landel did not receive any variable or exceptional remuneration during the 2024 financial year; he received €4,568 of benefits in kind, corresponding to the value of his company car.

The determination of the allocation of the total annual amount of the compensation allocated to members of the Supervisory Board is set in accordance with the following procedures (amounts set by the Supervisory Board on 27 March 2024 and incorporated into the internal regulations of the Supervisory Board):

(i) For the Chairperson of the Supervisory Board:

- A fixed component of €11,000 a year, except in the event of excessive absenteeism, to which is added;
- A variable component capped at €22,500 a year (attributed based on attendance).

In 2024, as in previous years, Mr Sacha Briand received no compensation for his office as Chairman of the Supervisory Board in view of the incompatibilities.

The following compensation is calculated pro rata to the duration of the term of office for the 2024 financial year:

(ii) For the Chairmen of the Audit Committee, the Risk Committee, the Appointments, Remuneration and Corporate Governance Committee and the Strategy and Responsible Commitments Committee:

- A fixed component of €5,500 per year, except in the event of excessive absenteeism, to which is added:
- A variable component capped at €22,500 a year (attributed based on attendance).

(iii) For the members of the Supervisory Board and the members of the specialised committees:

- A fixed component of €5,500, except in the event of excessive absenteeism, to which is added;
- A variable component capped at €11,000 a year, except in the event of excessive absenteeism, plus:
- An additional maximum of €5,500 a year for the members of the specialised committees, as a function of their actual participation.

It should be noted that the Company did not grant any retirement commitments or other life annuity benefits to the members of the Supervisory Board and did not conclude any agreement providing compensation for Supervisory Board members whose terms of office are ending, for whatever reason.

- Non-voting directors

Pursuant to Article 16.12.3 of the Articles of Association, each non-voting director may receive remuneration, the amount of which is set by the Supervisory Board, by way of his or her effective participation in meetings of the Board and its committees during the past financial year.

The amount set by the Supervisory Board at its meeting of 26 March 2024, and incorporated into article 14.2 of the Supervisory Board’s internal regulations, is a gross lump sum of €1,200 per Board or committee meeting in which he or she has actually participated. This lump sum may be revised by a decision of the Supervisory Board.

4.1.2. Amount of compensation allocated

In accordance with the provisions of Article L.225-83 of the French Commercial Code, the Supervisory Board approved on 26 March 2025, the following compensation allocated to the members of the Supervisory Board, within the limit of the total amount of €255,000 approved by the General Meeting of Shareholders of 6 May 2024.

Members of the Supervisory Board and Non-voting members	Amount (€)			
	2024 fixed (in €)	2024 variable (in €)	2024 Total (in €)	2023 Total – paid in 2024 (in €)
S. Briand - Chairman of the Supervisory Board	-	-	-	-
M. Ducamin – Vice Chairwoman of the Supervisory Board	-	-	-	-
R. Mouchel Blaisot - Member of the ACCGC (until 20 November 2023)[15]	-	-	-	17,500
L. Andersson - Chairman of the Strategy and Responsible Commitments Committee	5,500	22,500	28,000	25,000
V. Aubry - Member of the Audit Committee and Risk Committee	5,500	22000: (11,000 + 11,000 for membership in two specialised committee	27,500	20,000
F. Drouin - Chairman of the Audit Committee and member of the Risk Committee	5,500	26625: 22,500 + 4,125 (5,500 x 3/4) in his capacity as member of a specialised committee	32,125	25,000
N. Fourt - Member of the Strategy and Responsible Commitments Committee	5,500	16,500: (11,000 + 5,500 for membership in a specialised committee)	22,000	20,000
O. Landel - Member of Audit Committee, Risk Committee, ACCGC and Strategy and Responsible Commitments Committee	-	-	-	-
S. L'Hélias– Chairwoman of the ACCGC	5,500	22,500	28,000	25,000
Estelle Grelier - Member of ACCGC (pro rata since 11/06/2024)	5,500	11000: 8,250 (11,000 x 3/4) + 2,750 (5,500 x 2/4) in his capacity as member of a specialised committee	16,500	N/A
D. Cervelle – Member of the Strategy and Responsible Commitments	-	-	-	-

[15] Memberships of Committees and Supervisory Boards were not remunerated from 24 July 2023 onwards, due to Mr Mouchel-Blaisot's appointment to a new public office as Prefect.

Committee (Resignation on 11/06/2024)				
M. Lemarié – Member of the Audit Committee	5,500	16500: 11,000 + 5,500 for membership in a specialised committee	22,000	18,000
J. Denormandie - Member of the Strategy and Responsible Commitments Committee	5,500	16500: 11,000 + 5,500 in his capacity as member of a specialised committee	22,000	20,000
S. Souliac – Chairwoman of Risk Committee and member of ACCGC	5,500	22375: 16,875 (22,500 x 3/4 + 5,500 in her capacity as member of a specialised committee	27,875	20,000
L. Assouline - Non-voting member	8,400 (3 Board meetings + 4 Risk Committee meetings)	-	8,400	N/A
O. Labe – Non-voting member (since 27/03/2024)	4,800 (3 Board meetings + 1 Audit Committee meeting)	-	4,800	N/A
Total	62,700	176,500	239,200	190,500[16]

[16] On the basis of the Supervisory Board members in office during the financial year.

4.2. Management Board

Summary table – Procedures for exercising the functions of member of the Management Board and components of compensation

	Mr Yves Millardet, Chairman of the Management Board Start of term of office: 06 January 2014 End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year	
Employment contract	No	Yves Millardet carries out his duties by virtue of a company mandate, the terms of which have been approved by the ACCGC and the Company's Supervisory Board.
Supplementary pension scheme	Yes	Yves Millardet's retirement plan is modelled on the plan applicable to the Company's employees (see discussion below).
Compensation or benefits that are or may be due as a result of termination or change of duties	No	Yves Millardet's company mandate does not provide for any benefits of this type.
Compensation relating to a non-competition clause	Yes	Yves Millardet's company mandate includes a non-competition clause applicable for a period of 12 months from the effective termination of his term of office (see discussion below).

	Mr Thiébaut Julin, Member of the Management Board – Chief Financial Officer Start of term of office: 25 March 2014 End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year	
Employment contract	Yes	Thiébaut Julin holds the position of Chief Financial Officer, in accordance with the terms of an employment agreement concluded with the Company. Thiébaut Julin serves as an unpaid member of the Management Board. Thiébaut Julin's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.
Supplementary pension scheme	No	As an employee of the Company, Thiébaut Julin benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Thiébaut Julin is not subject to any non-competition clause, either by virtue of his employment agreement, or by the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.

	Mrs Ariane Chazel, Member of the Management Board-Director of Commitments and Risks, Climate and Sustainable Financing Start of term of office: 05 June 2014 End of term of office: General Meeting in 2026 to approve the financial statements for the 2025 financial year	
Employment contract	Yes	Ariane Chazel holds the position of Director of Commitments and Risks, Climate and Sustainable Finance under the terms of an employment contract with the Company. Ariane Chazel serves as an unpaid member of the Management Board. Ariane Chazel's duties as a member of the Management Board are governed by the statutory rules relating to the functioning and powers of the Management Board.
Supplementary pension scheme	No	As an employee of the Company, Ariane Chazel benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Ariane Chazel is not subject to any non-competition clause, pursuant to her employment contract, the provisions of the Articles of Association applicable to the duties of a member of the Management Board or subsequent to a decision to that effect by the Supervisory Board.

	Mrs Laurence Leydier, Member of the Managing Board - Membership and Credit Director Start of term of office: 28 September 2022 End of term of office: General Meeting in 2028 to approve the financial statements for the 2027 financial year	
Employment contract	Yes	Laurence Leydier serves as Chief Financial Officer under the terms of an employment contract concluded with the Company. Laurence Leydier serves as an unpaid member of the Management Board. Laurence Leydier's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.
Supplementary pension scheme	No	As an employee of the Company, Laurence Leydier benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Laurence Leydier is not subject to any non-competition clause, pursuant to her employment contract, the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.

	Mr Olivier Roullé Member of the Management Board - CEO Start of term of office: 1 April 2024 End of term of office: General Meeting in 2030 to approve the financial statements for the 2029 financial year	
Employment contract	Yes	Olivier Roullé holds the position of Chief Executive Officer, in accordance with the terms of an employment agreement concluded with the Company. Olivier Roullé serves as an unpaid member of the Management Board. Olivier Roullé's position as a member of the Management Board is governed by the sections of the Articles of Association relating to the functioning and powers of the Management Board.
Supplementary pension scheme	No	As an employee of the Company, Olivier Roullé benefits from the pension scheme applicable to all employees of the Company.
Compensation or benefits that are or may be due as a result of termination or change of duties	No	No benefits or compensation of this type are mentioned in the provisions of the Articles of Association, or are provided by decision of the Supervisory Board, which is competent to rule on the components of compensation of the members of the Management Board with regard to the termination of the duties of a member of the Management Board of the Company.
Compensation relating to a non-competition clause	No	Olivier Roullé is not subject to any non-competition clause, either by virtue of his employment agreement, or by the provisions of the Articles of Association applicable to the duties of a member of the Management Board or a subsequent decision to that effect by the Supervisory Board.

4.2.1. Principles and terms of payment of remuneration

The Supervisory Board approves, then each year checks and validates the method and amount of compensation (fixed, variable and exceptional) of each member of the Management Board, on the recommendation of the ACCGC.

With the exception of the Chairman of the Management Board, who is a corporate officer, the members of the Management Board perform their duties by virtue of employment contracts. The terms of the company mandate of Yves Millardet, Chairman of the Management Board, as approved by the Supervisory Board, are set out in a written document entitled "Company mandate agreement", which is governed by regulated agreements. The regulated nature of these agreements requires a strict annual review by the Supervisory Board and the General Meeting of Shareholders.[17]

The payment of remuneration of members of the Management Board forms part of the remuneration policy for all salaried employees of the Company.

The variable compensation of each member of the Management Board is defined on the basis of collective targets and individual targets approved at the start of each financial year by the Supervisory Board on recommendation of the ACCGC, and included in the Company's compensation policy. The ACCGC, on [4 March 2025], and the Supervisory Board, on [26 March 2025], examined the level of achievement of the Management Board's objectives over the past financial year and consequently approved the level of their variable portion in this capacity.

The criteria for the allocation of variable remuneration to members of the Management Board for the past and current financial years are annexed to this report.

The principles of allocation and compensation of the members of the Management Board and its Chairperson are detailed below:

– Mr Yves Millardet

By way of his company mandate, which entered into effect from 6 January 2014, for his duties as member and Chairman of the Management Board, Mr Yves Millardet's remuneration is determined with reference to market practices for the position of Chairman of the Management Board.

This compensation is paid on the basis of his mandate within the Company and is broken down into a fixed portion (85% of the benchmark compensation) and a variable portion, equal to at most 15% of the benchmark compensation (reviewed annually by the Supervisory Board. The benchmark amount for the 2024 financial year is €333,950. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

In the event of exceptional circumstances or significant performance during a given year, specifically in excess of defined targets, the variable portion of 15% may represent up to 25% of the fixed annual gross compensation.

[17] See section 6 of this Report.

The pension scheme applicable to Yves Millardet is based on the one provided for all the company's employees (i.e. contribution to the Agirc/Arrco schemes calculated on the basis of gross annual compensation). As such, he does not benefit from any "top-up pension".

In the event of his ceasing to hold office as a corporate officer, Yves Millardet shall benefit from financial compensation under the non-competition clause provided in his company mandate since June 2015.

The principle of introducing this non-competition clause was adopted after it was noted that Yves Millardet does not benefit from any form of protection of any kind linked to his status as a non-employee (stock options, special provident scheme, etc.).

The wording of this non-competition clause was presented to the ACCGC for an opinion, then for approval by the Supervisory Board. Both the Committee and the Supervisory Board expressed their support for the clause.

The non-competition clause adopted is as follows:

"In exchange for this non-competition obligation, Yves Millardet will receive, from the date of his effective termination and during the period of application of this clause, a financial contribution paid monthly on a monthly basis corresponding to the gross monthly compensation paid to him during the twelve (12) months preceding the date on which he effectively ceased to hold office."

– Mr Thiébaut Julin

Mr Thiébaut Julin serves as an unpaid member of the Management Board of AFL. After approval by the ACCGC, on 25 March 2014, the Supervisory Board declared in favour of compensation for the technical duties of AFL's Chief Financial Officer, by way of an employment contract concluded with the Company.

The compensation of Thiébaut Julin is set with reference to market practices for the position of Chief Financial Officer. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mr Thiébaut Julin, as an employee of the Company, is the beneficiary of the incentive agreement implemented within AFL.

– Mrs Ariane Chazel

Ariane Chazel serves as an unpaid member of the Management Board. Following the approval of the ACCGC, on 5 June 2014, the Supervisory Board declared in favour of compensation for the technical functions of Risk, Compliance and Control Officer of AFL, since renamed Director of Commitments and Risks, Climate and Sustainable Financing, pursuant to an employment contract with the Company.

Mrs Ariane Chazel's compensation is determined with reference to market practices for the position of Head of Commitment and Risk. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mrs Ariane Chazel, as an employee of the Company, is the beneficiary of the incentive agreement set up within AFL.

– Mrs Laurence Leydier

Mrs Laurence Leydier serves as an unpaid member of the Management Board. Following the approval of the ACCGC, on 28 September 2022, the Supervisory Board approved compensation for the technical functions of Head of membership and lending at AFL, pursuant to an employment contract with the Company.

Mrs Laurence Leydier's compensation is determined with reference to market practices for the role of Head of membership and lending. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

As an employee of the Company, Mrs Laurence Leydier is the beneficiary of the incentive agreement implemented within AFL.

– Mr Olivier Roullé

Mr Olivier Roullé serves as an unpaid member of the Management Board. After approval by the ACCGC, on 27 March 2024, the Supervisory Board approved compensation for the technical duties of AFL's Chief Executive Officer, by way of an employment contract concluded with the Company.

The compensation of Mr Olivier Roullé is set with reference to market practices for the position of Chief Executive Officer. This compensation consists of a fixed portion and a variable portion representing at most 15% of the fixed portion. Vesting of the variable portion will be linked to the partial or total achievement of one or more annual qualitative and/or quantitative targets, to be defined each year by the Supervisory Board, if necessary after consultation with the ACCGC.

Mr Olivier Roullé, as an employee of the Company, is the beneficiary of the incentive agreement implemented within AFL.

4.2.2. Amount of compensation allocated

In accordance with the recommendations of the AFEP-MEDEF Code to which the Company refers, details are given below of the remuneration and benefits of all kinds paid or due to members of the Management Board with regard to the financial year ended 31 December 2024.

It should be noted that:

- the Company has not granted any retirement commitments or other life annuity benefits to the members of the Management Board;
- the Company has not granted any stock options or performance shares to members of the Management Board for the financial year ended 31 December 2024;
- the Company pays for specific insurance for the Chairman of the Management Board, in the absence of unemployment insurance, corresponding to a benefit in kind, the amount of which is entered in the following table, which itemises compensation amounts;
- the Company has subscribed to a 36-month car lease contract for the Chairman of the Management Board since July 2023;
- the Company has subscribed to a 48-month car lease contract for the Chief Executive Officer since June 2023;

- the Company has implemented an incentive scheme for which Thiébaut Julin, Ariane Chazel and Laurence Leydier and Olivier Roullé are eligible in their capacity as employees, and from which the Chairman of the Executive Board, who is a corporate officer who is not an employee, is excluded;

Summary table of compensation per executive director[18]

Yves Millardet Chairman of the Management Board [19]	Financial year ended 31/12/2023		Financial year ended 31/12/2024	
	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	275,667	275,667	289,450	289,450
Annual variable compensation	43,000	61,516	44,500	59,561
Exceptional bonus	40,000	40,000	N/A	N/A
Incentive compensation bonus	38,784	7,000	[40,233]	5,500
Compensatory bonus for the anti-inflation PPV (value-sharing bonus) provision	6,052.35	6,052.35	N/A	N/A
Payments in kind	10,612.74[20] 4,940.57[20]	10,612.74[21] 4,940.57[22]	12,579.72[20] 5,502.68[21]	12,579.72[20] 5,502.68[21]
TOTAL	**419,056.66**	**405,788,66**	[392,265.40]	372,593.40

[18] The amount of the incentive will be definitively calculated on the basis of the audited financial statements for the year ended 31 December 2024.
[19] Mr Millardet does not receive any specific remuneration for his duties as Deputy Managing Director at AFL-ST.
[20] Corresponding to the valuation of the company car
[21] Corresponding to assumption of the specific insurance mentioned above
[22] Corresponding to the valuation of the company car

Ariane Chazel Member of the Management Board Director of Commitments and Risks, Climate and Sustainable Finance	Financial year ended 31/12/2023		Financial year ended 31/12/2024	
	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	184,950.24	184,950.24	189,945,82	189,945,82
Annual variable compensation	25,500	28,250	[26,500]	25,500
Exceptional bonus	40,000	40,000	N/A	N/A
Value sharing bonus (PPV)	4,152.92	4,152.92	N/A	N/A
Payments in kind	0	0	0	0
Incentive payment	20,054.26	17,650,14	[20,504]	20,054.26
TOTAL	**274,657.42**	**275,003,30**	**[236,949.82]**	**235,500.08**

Thiébaut Julin Member of the Management Board – Chief Financial Officer	Financial year ended 31/12/2023		Financial year ended 31/12/2024	
	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	235,010	235,010	242,922,48	242,922,48
Annual variable compensation	31,500	37,250	[32,500]	31,500
Exceptional bonus	40,000	40,000	N/A	N/A
Value sharing bonus (PPV)	5,159.71	5,159.71	N/A	N/A
Payments in kind	3,316.20	3,316.20	[3,333]	3,333
Incentive payment	20,054.26	17,650,14	[20,504]	20,054.26
TOTAL	**335,040.17**	**338,386,05**	**[299,259.48]**	**297,809.74**

Laurence Leydier Member of the Management Board Director of Membership and Lending	Financial year ended 31/12/2023		Financial year ended 31/12/2024	
	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	153,750	153,750	**167,612,66**	**167,612,66**
Annual variable compensation	23,000	19,375	**[24,000]**	**23,000**
Exceptional bonus	15,000	15,000	N/A	N/A
Value sharing bonus (PPV)	3,567.19	3,567.19	N/A	N/A
Payments in kind	0	0	0	0
Incentive payment	20,054.26	17,650.14	[20,504]	20,054.26
TOTAL	**215,371.45**	**209,342,33**	**[212,116.66]**	**210,666.92**

Olivier Roullé Member of the Management Board Chief Executive Officer	Financial year ended 31/12/2023		Financial year ended 31/12/2024	
	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)	Amounts due for the financial year (€ gross)	Amounts paid during the financial year (€ gross)
Fixed compensation	140,408.35	140,408.35	163,440.30[23]	163,440.30
Annual variable compensation	20,000	20,000	[22,500]	20,000
Exceptional bonus	25,000	25,000	N/A	N/A
Value sharing bonus (PPV)	3,286.64	3,286.64	N/A	N/A
Payments in kind	0	0	2,779,62	2,779,62
Incentive payment	20,054.26	17,650,14	[20,504]	20,054.26
TOTAL	**208,749.25**	**206,345,13**	[209,223.92]	206,274.18

<u>Principle of staggered variable compensation</u>

In view of the regulations in effect found primarily in the French Monetary and Financial Code, for employees who have a significant impact on the company's risk and those with a significant role, (the "*risk-takers*"), which includes members of the Management Board,

[23] Olivier Roullé was appointed a member of the Management Board by the Supervisory Board on 27 March 2024

AFL's 2024 compensation policy provides for the implementation of a deferred payment of variable compensation components, the principles of which are as follows:

- payment of variable compensation automatically deferred for a given financial year N from the moment it exceeds €50,000. As a reminder, until 2021 the deferral applied to variable remuneration above €15,000.
- payment in the year N+1 of the variable amount less than or equal to the threshold of €50,000, awarded for a financial year N, subject to the employee's presence in the workforce on the date of payment of the variable compensation.
- effective payment of the variable amount above the threshold of €50,000, awarded for a financial year N: at the start of financial years N+2, N+3 and N+4, up to 33% of the balance for each of these financial years. As a reminder, until 2021, the deferred payment was paid for financial years N+2 and N+3 at 50% of the balance for each of these financial years.

The payment threshold of €50,000 (formerly €15,000) relates specifically to the variable compensation allocated for financial year N, and the total amount corresponding to variable compensation components actually paid in a given year for previous financial years may therefore exceed the amount of €50,000.

In accordance with the recommendations of the AFEP-MEDEF Code, the following table shows the variable compensation allocated to Board directors, which is staggered over several financial years.

Variable compensation, which is always published in the annual reports for the financial years for which they are paid, the amount of which does not exceed the applicable threshold (€15,000 until the 2021 financial year, €50,000 since 2021) and the payment of which has not been staggered over several financial years in accordance with the aforementioned compensation policy, is not mentioned in this table.

Name and function of the executive director	Financial year for which variable compensation is staggered and total amount of this variable compensation (€)	Financial year 2022	Financial year 2023	Financial year 2024	Financial year 2025	Financial year 2026	Financial year 2027	Financial year 2028
Mr Yves Millardet Chairman of the Management Board	Financial year 2021 – Total amount allocated for variable compensation: €69,550	50,000	6,516	6,516	6,516			
	Financial year 2022 – Total amount allocated for variable compensation: €75,632	-	50,000	8,544	8,544	8,544		
	Financial year 2023 Total amount allocated for variable compensation: €81,784	-	-	50,000	10,595	10,595	10,599	
	Financial year 2024 Total amount allocated for variable compensation: [€84,733]	-	-		[50,000]	[11,578]	[11,578]	[11,578]

In 2024, there was no staggered payment of variable compensation for other AFL Board members (given their amounts).

4.3. Company employees cited in Article L.511-71 of the French Monetary and Financial Code, known as "risk takers"

4.3.1. Principle

In accordance with the provisions of Article L.511-73 of the French Monetary and Financial Code, the General Meeting of Shareholders of the Company is consulted annually on the overall amount of compensation paid to AFL employees cited in Article L.511-71 of the aforementioned Code, known as "risk takers".

AFL identifies among its employees, on the basis of the criteria defined by the regulations, those having a significant impact on the Company's risk and those having a significant role within the Company. The list of risk takers is updated annually. At 31 December 2024, 15 employees, including the members of the Company's Management Board and the main managers of the Company's control, support, credit and market functions, qualified as risk-takers.

4.3.2. Terms of payment and allocation of payment

In accordance with the regulations in effect, AFL has set up a strict framework for the payment of variable compensation to these employees, consisting of a deferred payment starting from an amount exceeding €50,000.

The amount of the variable compensation less than or equal to the threshold of €50,000 shall be paid at the start of year N+1, subject to the employee's presence among AFL's staff on the date of payment of the variable compensation.

The variable amount above the €50,000 threshold shall be deferred and paid at the start of year N+2 and at the start of year N+3, then at the start of year N+4 for 33% to each of these financial years subject to the condition of the employee's presence among the staff of Agence France Locale on the payment date of the variable compensation in years N+1, N+2, N+3 or N+4.

The payment threshold of €50,000 specifically concerns the variable compensation allocated for financial year N. The total amount actually paid during a given financial year, corresponding to elements of variable compensation allocated for previous financial years, is therefore likely to exceed this amount by €50,000.

The total amount of compensation paid to these employees in respect of the financial year 2024 amounts to:

(i) for fixed compensation: €2,270,605;
(ii) for variable compensation paid during the financial year 2024 for 2023 and previous years €310,811.

At its meeting on [4 March 2024], the ACCGC took note of the total amount of remuneration paid to the persons referred to in Article L.511-71 of the French Monetary and Financial Code, known as "*risk-takers*", for the financial year ended 31 December 2024, without making any observations.

4.4. Company incentive plan

4.4.1. Principle

The incentive agreement initially put into place in 2021 has expired and the Company has set up a new incentive agreement, pursuant to Article L.3312-5 of the French Labour Code, for the financial years 2024, 2025 and 2026, approved by the Supervisory Board on 11 June 2024 after a favourable opinion from the ACCGC. It aims to reflect the contribution of employees to the growth of the Company's economic and financial profitability, to the growth of its results, but also to the Company's commitment to social responsibility.

AFL is keen to involve its employees in the smooth running of the Company, its performance and its CSR approach, in order to motivate its employees and enable them to build up savings. The Company considers that the implementation of an incentive and participatory incentive policy ensure the effective and stimulating collaboration of all employees, with a view to the constant improvement of the results and the quality of service provided to its Members, employee well-being at work and environmental impact. The incentive scheme appears to be the best way to enable each employee to benefit from the improvement in the Company's results and efficiency achieved by virtue of the collective efforts of all employees.

In this way, the incentive calculation formula is based on three indicators, which take into account the increase in the Company's profitability, its commercial performance, the well-being of employees and the Company's CSR approach.

The payment of an incentive bonus is subject to certain conditions and ceilings, in particular:

a. In principle, the incentive bonus shall only be distributed if AFL's net accounting income, calculated excluding profit-sharing on the basis of AFL's certified annual separate financial statements as of 31 December of the calculation period in question, is positive; its amount is capped so that it will not lead to a negative net income after paying the incentive;
b. In addition, the total amount of the incentive distributed to beneficiaries may not exceed 12% annually of the total payroll for the calculation period, nor may it exceed 50% of said net income if the net income calculated without the incentive payment is between €0 and €500,000;
c. The amount of incentive granted to the same beneficiary may not, for the same calculation period, exceed three-quarters of the annual social security ceiling in effect during the calculation period to which the incentive relates, with this individual ceiling being applied pro rata to the time of attendance for beneficiaries who joined or left during the financial year;
d. The total amount that may be distributed is divided as follows in order to reduce differences in compensation to favour those earning less: a fixed part equal to 15% of the total, to which is added a portion equal to 85% of the total that is distributed proportionally to the gross annual salary of the employee in question, capped at 2.2 times the average gross annual salary of the company.

4.4.2. Beneficiaries

All AFL employees with a permanent or fixed-term employment contract, regardless of its nature (including apprenticeship contracts and professionalisation contracts), will be able to benefit from the incentive scheme if they can demonstrate a minimum of three months' service in the company.

As a result, Yves Millardet, a non-salaried corporate officer, is excluded from this scheme.

4.4.3. Terms of payment and allocation of payment

The exact amount of the incentive can only be calculated after the closing and approval of the financial statements for the financial year in question corresponding to the calculation period. The bonus is paid no later than the last day of the fifth month following the end of the calendar year, i.e. no later than 31 May following the end of the calculation period.

In this way, the total amount of the incentive paid in 2024 for the 2023 calendar year was €416,726.39. On the date of preparation of this report, the final amount of the incentive due for the 2024 calendar year has not been determined. For information purposes, the total amount of incentive to be paid in 2025 for the 2024 calendar year, based on the calculation formulas in the incentive agreement, is estimated at €430,716.

5. **General Meeting of Shareholders**

5.1. Special terms for shareholder participation in the General Meeting or provisions of the Articles of Association providing for these procedures

The terms of shareholder participation in the General Meeting are covered in Heading V of the Articles of Association and refer to the applicable legal and regulatory provisions.

Every shareholder, duly represented, is entitled to participate in the General Meetings on the basis of his or her identity and the registration of his or her shares in the Company accounts on the date of the meeting.

Pursuant to the laws in effect that offer these options, shareholders may participate in General Meetings either by attending in person, by giving a power of attorney to the Chairperson of the General Meeting, or by voting by post.

5.2.Rules on amendments to the Articles of Association

The rules governing amendments to the Articles of Association refer to the legal and regulatory provisions in effect on the issue.

In compliance with the provisions of Article L.225-96 of the French Commercial Code, the Extraordinary General Meeting of Shareholders has sole authority to amend any and all provisions in the Company's Articles of Association, except those defined by law.

In practice, and in the context of the realisation of capital increases implemented by delegation of powers, granted to the Management Board by the Extraordinary General Meeting of Shareholders, the Chairperson of the Management Board, by subdelegation, is required to approve the consequential amendment to the Article of Association defining the amount of the share capital (in accordance with Articles L.225-129 et seq. of the French Commercial Code).

6. **Regulated agreements**

Regulated agreements are the agreements cited in Articles L.225-86 et seq. of the French Commercial Code, in particular, those concluded directly or through an intermediary between the AFL and one of the members of the Executive Board or the Supervisory Board, the conclusion of which must be authorised by the Supervisory Board and which must be reviewed by the Supervisory Board on an annual basis[24].

A new regulated agreement was concluded during the 2024 financial year: the employment contract of Mr Olivier Roullé, approved on 27 March 2024 by the Supervisory Board on recommendation of the ACCGC.

The regulated agreements concluded previously and which continued to be executed during the financial year 2024 were as follows:

Title of the agreement	Purpose of the agreement	Duration of the agreement	Impact on the financial statements for the year ended 31/12/2024
Shareholders' Agreement concluded on 24 June 2014	The Shareholders' Agreement was not amended during the financial year. The version in effect was the one which entered into effect on 28 June 2018.	Unknown	None
Company mandate of the Chairman of AFL's Management Board	Company mandate of Mr Yves Millardet, Chairman of the Management Board, approved by the General Meeting of 4 May 2023.	6 years renewable	Annual amount paid during the 2024 financial year: Fixed portion: €289,450 gross Variable portion: €59,561 gross Benefits in kind: €1,882.40 Incentive compensation bonus: €5,500
Employment contracts for the salaried members of the AFL Management Board	- Employment contract for Thiébaut Julin approved on 25 March 2014 by the Supervisory Board - Employment contract for Mrs Ariane Chazel approved on 5 June 2014 by the Supervisory Board.	Unknown	Thiébaut Julin, Chief Financial Officer Gross annual amount paid during the 2024 financial year: Fixed portion: €242,922.48 gross Variable portion: €32,500 gross Benefits in kind: €3,333 Mrs Ariane Chazel, Director of Commitments, Risks, Climate and Sustainable Financing: Annual amount paid during the 2024 financial year: Fixed portion: €189,945.82 gross Variable portion: €26,500 gross

24 In accordance with Article L.225-87, 1, of the French Commercial Code, agreements concluded between AFL and AFL-ST are not subject to this procedure.

	- Employment contract for Mrs Laurence Leydier approved on 28 September 2022 by the Supervisory Board. - Employment contract for Mr Olivier Roullé approved on 27 March 2024 by the Supervisory Board.		Mrs Laurence Leydier, Membership and credit director: Annual amount paid during the 2024 financial year: Fixed portion: €67,612.66 gross Variable portion: €24,000 gross Mr Olivier Roullé, CEO: Annual amount paid during the 2024 financial year: Fixed portion: €163,440.30 gross Variable portion: €22,500 gross Benefits in kind: €2,779.62

7. **Share capital, shareholding structure, and control of the Company**

In accordance with Article L. 22-10-11, with reference to Article L. 22-10-10 of the French Commercial Code, presented below are the following items related to the shareholding structure of AFL and the Group formed with AFL-ST with the specification that none of the items covered hereinafter is likely to have an impact in the event of a public offer.

7.1. Structure of the Company's share capital

At 31 December 2024, the Company's share capital had the following composition:

SHAREHOLDERS	AMOUNT SUBSCRIBED (IN €)	NUMBER OF SHARES	% HOLDING
AGENCE FRANCE LOCALE – SOCIETE TERRITORIALE	241,069,154.12	2,558,643	99.9999%
LYON METROPOLITAN AREA[25]	100	1	0.0001%
TOTAL	241,069,254.12	2,558,644	**100%**

[25] Pursuant to Article L.225-1 of the French Commercial Code, requiring a minimum of two shareholders.

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. Therefore, given the closed nature of its shareholding, the Company was not made aware of any direct or indirect assumptions of shareholdings in its capital of the types cited in Articles L. 233-7 and L. 233-12 of the French Commercial Code.

7.2. Restrictions on the exercise of voting rights and on share transfers

- Statutory restrictions

The Company's provisions of the Articles of Association do not provide for any restriction on the exercise of shareholders' voting rights, since the voting right attached to the shares composing the capital is proportional to the percentage of the capital that they represent. Each share entitles the holder to one vote at the General Meetings.

The Company's Articles of Association stipulate that shares that have not been fully paid-up are not accepted for transfers.

In view of the shareholder structure of AFL-ST, the share capital of which is held exclusively directly or indirectly by local and regional authorities, groupings of these authorities and local public institutions, and of the need to maintain the stability and sustainability of the shareholding structure in order to enable the Company to conduct its activities under the best conditions, the Shareholders' Agreement strictly regulates the possibilities of transferring shares and other securities conferring access to the Company's share capital.

Thus, in principle, each of the AFL shareholders has undertaken, by adhering to the Shareholders' Agreement, to retain their AFL shares for as long as they remain a shareholder of AFL-ST.

As an exception to the principle and in strictly defined cases, namely: (i) loss of membership in the AFL Group; and (ii) at the request of AFL-ST, an AFL shareholder is required to sell the shares it holds in the capital of AFL to a person designated by the Board of Directors of AFL-ST.

In any event, the stipulations of the Shareholders' Agreement provide that each shareholder of the Company shall grant AFL-ST a pre-emptive right on any sale of Company Securities.

No agreement for which certain clauses provide for preferential conditions of assignment or acquisition of shares of the Company has been brought to its attention by way of application of the provisions of Article L. 233-11 of the French Commercial Code, since the Company's shares are not eligible for trading on a regulated market.

- Restrictions through agreements

No agreement likely to result in restrictions on the transfer of shares or the exercise of voting rights has been concluded between the shareholders of AFL, since transactions on AFL shares are, as indicated in the previous paragraph, strictly regulated by the Shareholders' Agreement.

In the same way, the Company has not concluded any agreement that is likely to come to an end or for which the performance conditions are likely to be amended in the event of a change in control of the Company.

7.3.Securities conveying special control rights

The Company does not issue securities that convey special control rights on their holders.

7.4. Employee share ownership

No transaction was carried out during the financial year ended on 31 December 2024 regarding call options or subscriptions of shares of the Company reserved for staff.

Indeed, the capital structure of the AFL Group required by law does not permit AFL employees to hold shares in the Company's share capital.

7.5. Summary table of the use of delegations granted for the execution of capital increases by the General Meeting of Shareholders, by way of application of Articles L.225-129-1 and L.225-129-2, and pursuant to the provisions of Article L.225-37-4, 3 of the French Commercial Code

Date of the General Meeting which granted the delegation	Purpose of the delegation granted to the Management Board	Duration	Overall ceiling	Use during the 2024 financial year
Combined General Meeting of 4 May 2023 (10th resolution)	Delegation of authority granted to the Management Board to increase the share capital with preferential subscription rights through the issuance of common shares	**Duration:** 26 months **Expiry:** 4 July 2025 at midnight	€150 million (nominal)	None
Combined General Meeting of 4 May 2023 (11th resolution)	Delegation of authority granted to the Management Board to increase the share capital with cancellation of preferential subscription rights for the benefit of Société Territoriale, through the issuance of common shares	**Duration:** 18 months **Expiry:** 4 November 2024 at midnight	€150 million (nominal)	**1. Capital increase with cancellation of preferential subscription rights for the benefit of Société Territoriale** Amount: €9,550,000

Date of the General Meeting which granted the delegation	Purpose of the delegation granted to the Management Board	Duration	Overall ceiling	Use during the 2024 financial year
Combined General Meeting of 6 May 2024 (9th resolution)	Delegation of authority granted to the Management Board to increase the share capital with preferential subscription rights through the issuance of common shares	**Duration:** 26 months **Expiry:** 6 July 2026 at midnight	€150 million (nominal)	None
Combined General Meeting of 6 May 2024 (10th resolution)	Delegation of authority granted to the Management Board to increase the share capital with cancellation of preferential subscription rights for the benefit of Société Territoriale, through the issuance of common shares	**Duration:** 18 months **Expiry:** 06 November 2025 at midnight	€150 million (nominal)	1. Capital increase with cancellation of preferential subscription rights for the benefit of Société Territoriale Amount: €7,991,065.74 2. Capital increase with cancellation of preferential subscription rights for the benefit of Société Territoriale Amount: €2,699,993.76 3. Capital increase with cancellation of preferential subscription rights for the benefit of Société Territoriale Amount: €12,599,943.21

8. **Observations of the Supervisory Board on the management report issued by the Management Board and on the separate financial statements established for the financial year ended on 31 December2024**

Pursuant to Article L.225-68, 6 of the French Commercial Code, the Supervisory Board must submit to the Annual General Meeting of Shareholders its observations on the annual financial statements for the past financial year, as approved by the Management Board, and on the management report submitted to this Meeting.

We point out to you that the annual financial statements for the year ended 31 December 2024, prepared in accordance with French GAAP and, on a voluntary basis, at a consolidated[26] level according to IFRS standards, and the management report prepared by the Company's Executive Board, were submitted to the Supervisory Board within the deadlines provided by legal and regulatory provisions, after having been favourably reviewed by the Company's Audit and Risk Committees.

The financial statements for the year ended 31 December 2024 show the following main items:

	Financial statements in accordance with French GAAP (€'000)	Consolidated according to IFRS (€'000)
Total balance sheet	10,874,377	10,915,611
Net banking income	22,488	23,886
Net income	5,780	5,390

The annual financial statements for the financial year ended 31 December 2024 prepared according to French GAAP and, on a voluntary basis, according to IFRS standards, and the related management report prepared by the Management Board do not call for any particular comment on the part of the Supervisory Board, which examined them on 26 March 2025.

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[GRIFFE SB]

Completed in Lyon, 26 March 2025,
The Supervisory Board of Agence France Locale,
Represented by its Chairman,
Mr Sacha Briand

[26]Due to the creation of the Company's subsidiary Agence France Locale – Foncière on 30 May 2024, the Company will henceforth publish consolidated annual financial statements at the Company level, containing Agence France Locale and said subsidiary and constituting an intermediate consolidation level within the Agence France Locale Group.

Annex 1 - The following table details the independence criteria stipulated in Article 10 of the AFEP-MEDEF Code

Criterion 1: ***Salaried Board director/Executive officer/director of the company or its parent company or the consolidated company during the past five years***
Is not or has not been over the last five years:
- an employee or executive director of the company;
- an employee, executive director, or director of a company within the company's scope of consolidation;
- an employee, executive director, or director of the parent company of the company or of a company within the parent company's scope of consolidation.

Criterion 2: ***Cross-directorships***
Is not or has not been an executive director of a company in which the Company directly or indirectly holds a director's mandate or in which an employee appointed as such or an executive director of the Company (currently or during the last five years) holds a director's mandate.

Criterion 3: ***Significant business relationships***
Is not a customer, supplier, corporate banker, investment banker or advisor:
- to a significant degree, of the company or its group;
- or for which the company or its group represents a significant portion of activity.

The assessment of whether or not the relationship with the company or its group is significant is discussed by the Board and the quantitative and qualitative criteria that led to this assessment (continuity, economic dependence, exclusivity, etc.) are explained in the annual report.

Criterion 4: ***Family ties***
Does not have a close family relationship with a Board director.

Criterion 5: ***Statutory Auditor***
Has not been a Statutory Auditor of the Company within the last five years.

Criterion 6: ***Term of office exceeding 12 years***
Has not been a director of the Company for more than 12 years. The loss of the status of independent director occurs on the 12-year anniversary.

Criterion 7: ***Non-executive director status***
A non-executive director cannot be regarded as independent if he or she receives variable compensation in cash or securities or any compensation related to the performance of the company or the group.

Criterion 8: ***Status of major shareholder***
Directors representing major shareholders of the company or its parent company may be considered independent if such shareholders do not participate in the control of the company. Above a threshold of 10% in capital or voting rights, however, on the basis of the report of the Appointments Committee, the Board shall always query the independent classification, taking into account the composition of the share capital of the company and the existence of a potential conflict of interest.

Annex 2 – Criteria for allocating the compensation of the members of the Management Board for the 2024 financial year

These criteria were favourably reviewed by the ACCGC on 7 March 2024 and approved by the Company's Supervisory Board on 27 March2024.

Quantitative objectives at the end of 2024	
Expanding the shareholder base	
Achieving the loan origination target	
Controlling operating expenses	
Ensuring AFL's financial soundness	
Controlling operational risks	
Qualitative objectives	
Developing the CSR approach	for 2024
Implementing projects allowing the development of the AFL Group to be accelerated	

Annex 3 – Criteria for allocating the compensation of the members of the Management Board for the financial year 2025

These criteria were favourably reviewed by the ACCGC on 4 March 2025 and approved by the Company's Supervisory Board on 26 March 2025.

Appendix 3

Text of the resolutions submitted to the Combined General Meeting of Shareholders of Agence France Locale on 6 May 2025

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Annex 4: Provisional financial communication schedule for the financial year 2025

The **Agence France Locale Group** consists of:

- Agence France Locale, a public limited company (société anonyme) with a Management Board and a Supervisory Board (***the Issuer***) (*), and;
- Agence France Locale – Société Territoriale, the parent company, a public limited company (société anonyme) with a Board of Directors (***Société Territoriale***).

(*) Since the 1st half of 2024, the Issuer also publishes consolidated financial statements at the Issuer's level, which include the Issuer and its subsidiary, Agence France Locale – Foncière, which has the purpose of holding premises for office use intended to house the Issuer's registered offices starting in 2027.

Publication date	Information
27 March 2025 before the stock exchange opens) *subject to subsequent amendment* (**embargo period** starts on 5 March 2025)	Press release on the Issuer's annual results and the annual consolidated and parent company results for the financial year ended 31 December 2024
6 May 2025	Annual general meeting of the Issuer's shareholders, notably called to approve the separate financial statements prepared in accordance with French GAAP and the consolidated financial statements prepared in accordance with IFRS standards for the year ended 31 December 2024.
21 May 2025	Annual General Meeting of Shareholders of Société Territoriale, notably called to approve the Société Territoriale financial statements prepared in accordance with French GAAP, and the Agence France Locale Group's consolidated financial statements for the financial year ended on 31 December 2024, prepared in accordance with IFRS standards.
24 September 2025 (before the stock exchange opens) *subject to subsequent amendment* (the **embargo period** starts on 3 September 2025)	Press release on the half-yearly results of the Issuer and the consolidated half-year result of the Agence France Locale Group for the first half of the financial year ended 30 June 2025.

Responsibility for this management report for the financial year ended 31 December 2024

I, the undersigned party, Yves Millardet, acting in my capacity as Chairman of the Management Board of Agence France Locale, certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and are an accurate reflection of the Company's assets and liabilities, financial position, and income, and that this management report presents a true and fair view of the Company's business, income, and financial position and describes the main risks and uncertainties facing the Company.

Lyon, 26 March 2025,

Yves Millardet
Deputy Chief Executive Officer of Agence France Locale – Société Territoriale
AFL Chairman of the Management Board

Statutory financial statements prepared in accordance with French GAAP and consolidated financial statements prepared in accordance with IFRS standards

and related Statutory Auditors' reports

AGENCE FRANCE LOCALE

BALANCE SHEET

Assets as of 31st of December 2024

(€ '000s)	Notes	31/12/2024	31/12/2023
Cash and central banks	2	485,873	975,186
Government paper and similar securities	1	1,106,035	864,211
Receivables on credit institutions	2	193,965	71,409
Loans and advances to customers	4	8,574,556	7,012,279
Bonds and other fixed income securities	1	158,110	108,260
Equities and other variable income securities			
Investments in non-consolidated companies and other long-term investments			
Investments in consolidated companies		12,500	
Intangible assets	5	2,485	2,937
Property, plant and equipment	5	199	208
Other assets	6	57,315	104,783
Accruals	6	283,340	182,785
TOTAL ASSETS		10,874,377	9,322,058

Liabilities as of 31st of December 2024

(€ '000s)	Notes	31/12/2024	31/12/2023
Central banks			
Due to banks	3	0.2	0.004
Customer borrowings and deposits			
Debt securities	7	10,161,673	8,787,722
Other liabilities	8	216,860	137,546
Accruals	8	198,719	188,349
Provisions	9	139	114
Subordinated debt	10	50,136	
General banking risk fund (GBRF)			
Equity (excluding GBRF)	11	246,849	208,328
Share capital		241,069	221,700
Additional paid-in capital			
Reserves and retained earnings			
Revaluation differences			
Regulated provisions and investment subsidies			
Retained earnings (+/-)			(20,905)
Net income for the period (+/-)		5,780	7,534
TOTAL LIABILITIES		10,874,377	9,322,058

INCOME STATEMENT

(€ '000s)	Notes	31/12/2024	31/12/2023
+ Interest and similar income	13	457,737	335,773
- Interest and similar expenses	13	(433,919)	(311,745)
+ Income from variable income securities			
+ Fee and commission income	14	441	274
- Fee and commission expenses	14	(215)	(176)
+/- Net gains (losses) on held for trading portfolio	15	48	5,623
+/- Net gains (losses) on placement portfolio	15	(1,604)	(6,180)
+ Other banking income			
- Other banking expense			
NET BANKING INCOME		22,488	23,570
- General operating expenses	16	(14,745)	(14,438)
+ Other operating income			
- Depreciation and amortization	5	(1,191)	(1,191)
GROSS OPERATING INCOME		6,552	7,941
- Cost of risk			
OPERATING INCOME		6,552	7,941
+/- Net gains (losses) on fixed assets	17	(1)	(1)
PRE-TAX INCOME ON ORDINARY ACTIVITIES		6,551	7,940
+/- Net extraordinary items			
- Income tax charge		(772)	(406)
+/- Net allocation to FGBR and regulated provisions			
NET INCOME		5,780	7,534
Basic earnings per share		2.41	3.40

OFF-BALANCE SHEET

(€ '000s)

COMMITMENTS GIVEN AND RECEIVED	Notes	31/12/2024	31/12/2023
Commitments given		613,459	893,312
Financing commitments		544,884	832,095
Guarantee commitments		68,574	61,217
Commitments on securities			
Commitments received		1,691	1,827
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments		1,691	1,827
Commitments on securities			
Derivatives	12	19,121,255	16,666,699

NOTES TO THE INDIVIDUAL ACCOUNTS

I - Publication context

The annual financial statements were approved by the Board of Directors as of March 11, 2025.

II - Highlights from financial year

The year 2024 marks a new progression in the AFL Group's results, driven by the growth of the credit activity, which is part of the Company's development trajectory in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023, then in 2024. The increase in the generation of income from the credit activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of credits granted to Member local authorities.

The production of medium and long-term loans carried out by the AFL for the 2024 financial year amounted to 1,964 million euros compared to 1,907 million euros for the year 2023. This new increase comes from a significant number of new memberships, most often followed by a call for credit, and generally speaking, from sustained growth in investment expenditure by local authorities in 2024, part of which is financed by recourse to borrowing.

In 2024, AFL carried out two syndicated issues in euros, at 8 and 10 years respectively. The first issue with a 10-year maturity and an amount of €750 million was carried out at a margin of 49 basis points above the OAT curve, and the second issue of €500 million with an 8-year maturity, in the format of sustainable bonds, at a margin of 24 basis points above the OAT curve. In addition to these two issues, there were two additional contributions of €250 million each, the first on the March 2034 bond issue, at a margin of 22.7 basis points above the OAT curve, to bring it to €1 billion and the second on the June 2028 bond issue, at a margin of 24.2 basis points above the OAT curve, to bring it to €1.25 billion. In addition, there was an inaugural issue denominated in Swiss francs for an amount of €110 million over 10 years and a new issue denominated in pounds sterling for an amount of €250 million over 3 years. Finally, the AFL made 7 private placements for a total amount of €244 million, including 6 private placements repayable at the AFL's option ("callable"). Generally speaking, private placements make it possible to optimize the maturity profile of AFL's debts as well as its financing cost.

On December 17, 2024, AFL issued perpetual fixed rate resettable deep subordinated debt securities, which will be 7% over the first period, and for a nominal amount of €50 million, intended to be recognized as additional tier 1 capital of AFL and the AFL Group.

On June 27, 2024, the Agency carried out a capital reduction by reducing the nominal value of its shares from €100 to €94.2176, thus leading to a reduction in share capital of €13,372K. This decrease of €13,372K allowed the absorption of the debit carryforward entered in the accounts following the decisions of the Combined General Meeting of June 27, 2024.

During the 2024 financial year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €32.7 million as part of four capital increases during the year 2024, thus bringing the share capital to AFL from €221.7 million on January 1, 2024 to €241.1 million on December 31, 2024. AFL Group now has 1,045 members, including 269 new communities, who joined the AFL Group over the course of the past financial year.

In the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This is a building that is currently being fully renovated and is of very high environmental quality. It will house AFL's headquarters from 2026.

At the end of the 2024 financial year, the net banking income (NBI) generated by the activity stood at €22,488K compared to €23,570K for the 2023 financial year. This 5% drop in NBI in the French accounting framework can be explained by the following elements:

▪ The significant increase in depreciation of investment securities, which rose from €1,107K as of December 31, 2023 to €2,066K as of December 31, 2024, due to the increase in unrealized capital losses during the period, following the widening of credit margins on securities in the investment portfolio. This situation is the result of the uncertainties prevailing on the capital markets, the particular situation of France with regard to its debt trajectory and the end of the ECB's securities purchase programs. In accordance with the principle of prudence governing the French accounting standards framework, depreciations on investment securities are recorded in connection with the increase in unrealized capital losses. However, these depreciations are not indicators of proven counterparty risk ;

▪ A quasi-stability of the net interest margin which goes from €24,028K as of December 31, 2023 to €23,818K as of December 31, 2024, and which finds its explanation, firstly, in an abnormal fixing of the 3-month Euribor index on March 20, 2023 which had the consequence of improving the 2023 performance and secondly in the significant increase in the cost of carrying liquidity and in particular deposits in the Banque de France. These elements had the effect of neutralizing the increase in interest income generated by the increase in outstanding credit ;

▪ a slight decrease in capital gains from sales of investment securities resulting from the management of the liquidity reserve, to €493K as of December 31, 2024, compared to €540K in 2023 ;

▪ Finally, a rise in net commissions of €129K with €227K of revenue in 2024 compared to only €98K in 2023, notably due to the increase in non-use commissions.

In detail, the net interest margin of €23,818K comes from three elements:

▪ €322.1 million in net interest income from hedging instruments, on outstanding loans for 2024, compared to €221.6 million in 2023. This strong increase in interest income from one period to the next is explained by the significant increase in the volume of loans as well as by the increase in the average level of interest rates.

▪ €98.2 million in net interest income from hedging instruments, on the assets of the liquidity reserve and collateral management for 2024, compared to €84.2 million in interest expenses in 2023. This change is mainly explained by the increase in interest rates over the period, while the outstanding amount of the liquidity reserve remained relatively stable. However, it should be noted that the cost of carrying liquidity increased significantly in 2024, due to an increase in the cost of debt that was only partially offset by the increase in the return on liquidity.

▪ €396.5 million in net interest charges from hedging instruments, on the outstanding debts that AFL carries on its balance sheet, compared to €281,7 million in interest income in 2023. This sharp increase in debt interest is also explained by the combined effect of the increase in the volume of debt and the higher average level of interest rates.

For the financial year ending December 31, 2024, general operating expenses amounted to €14,745K, compared to €14,438K during the previous financial year. These expenses include personnel expenses for €7,214K, compared to €7,351K as of December 31, 2023, and administrative expenses amounting to €7,531K, compared to €7,087K as of December 31, 2023, once re-invoicing between the AFL and the AFL-ST and expenses to be distributed have been deducted.

The increase in operating expenses is explained by the following elements:

▪ External services net of re-invoicing between AFL and AFL-ST and charges to be distributed are up by €1,291K to €7,013K as of December 31, 2024, compared to €5,722K as of December 31, 2023. The increases come mainly from the operating costs of IT systems and an increase in consulting and service provider costs in the company's various businesses.

▪ Taxes, duties and compulsory contributions decrease to €517K compared to €1,364K as of December 31, 2023, a decrease of €847K, due to the end in 2024 of the AFL contribution to the "Fond de Resolution Unique (FRU) which represented a charge of €975K in 2023. The main component of this item in 2024 now comes from the Social Solidarity Contribution of Companies (C3S) for €399K, compared to €258K for the 2023 financial year.

Depreciation and amortization provisions amount to €1,191K, the same amount as for 2023. They correspond to an investment policy that AFL wants to be regular and ambitious across its entire IT infrastructure but compatible with the size of its teams and available resources. The investments made in 2024 covered the adaptation of the credit chain, the data reservoir, the third-party database and the development of regulatory reporting. In 2024, the amount of investments made was slightly less than initially planned, thus leading to this stability of depreciation and amortization provisions.

After a corporate tax charge of €772K, compared to €406K in 2023, net income as of December 31, 2024 amounts to €5,780K compared to €7,534K in 2023. This decrease is mainly explained by the increase in provisions for allocations to securities due to the deterioration of latent capital losses on the investment securities portfolio for the 2024 financial year.

Subsequent events

No significant subsequent events occurred on the beginning of the first half 2025 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

Agence's financial statements are presented in accordance with ANC (Autorité des normes comptables) regulation n° 2014-07 of December 30, 2020 and mainly relating to regulated savings and securities lending had no impact on the accounts of the 'AFL as of December 31, 2024.

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

Loans and advances to banks and to customers

Loans and advances to banks include all loans connected with banking operations except for those materialized by a security. They are broken down into sight accounts and term accounts.
Loans and advances to customers comprise loans granted to local governments. The undrawn portion of signed loan agreements is recorded as an off-balance sheet item.
Interest on loans is recorded as Interest income prorata temporis for accrued amounts as is interest on past-dues.
Premiums paid on credit acquisitions are included in the amount of the principal repurchased and are therefore recognized in "Loans and advances to customers". In accordance with the Règlement 2014-07, these marginal transaction costs are spread over the life of the loans through the calculation of a new effective interest rate.

Doubtful loans

Loans and receivables to customers are classified as doubtful if they carry an identified credit risk arising from one of the following events:
. The loan or advance is in default for at least 90 days;
. The borrower's financial position is such that an identified risk exists regardless of whether the loan or advance is in arrears,
. The bank and borrower are in legal proceedings.

By applying the contagion principle, all of the outstanding amounts of the same borrower are downgraded to doubtful loans as soon as a receivable from this holder is downgraded within AFL.

Compromised non-performing loans are loans to borrowers whose recovery outlook is so downgraded that they are written off. Loans unpaid for more than one year are recorded in this category. Interest on these loans no longer contributes to the interest margin once they have been transferred to the category of compromised nonperforming loans.

Impairment charges are recognized for non-performing and compromised non-performing loans. Risk management determines the percentage of impaired capital in function of expected losses. Interest income is fully impaired. Impairment charges and reversals for credit risk are recognized as Cost of risk as well as the losses on non-recoverable loans and recoveries on amortized loans.

All default must have been settled, no default must therefore persist at the time of leaving the classification in doubtful.
A probation period of 6 months begins when all the conditions for the issue of default are met and the return to normal has been decided by the Credit Committee.
During the probationary period payments must resume regularly and without delay, an unpaid amount immediately causes the return in Doubtful loans.
The Credit Committee examines and validates the exit from the Doubtful loans classification.

Tangible and intangible fixed assets

Agence applyed CRC 2002-10 of 12 December 2002 relating to the amortization and impairment of assets and CRC 2004-06 on the recognition and measurement of assets, with the exception of costs relating to first establishment of the Local Agency France that have been recognized in balance sheet like intangible assets, as permitted by Article R.123-186 the Code de commerce.

The acquisition cost of fixed assets includes, besides the purchase price, incidental costs which are charges linked directly or indirectly to the acquisition for the use or for the state entry in the assets of the company.
Software acquired are recognized in gross value at acquisition cost.

IT costs are recognized in assets when they meet the conditions required by Regulation N° 2004-06, i.e. whether all the expenses are inccured for the etablishment of the information system.

Tangible and intangible assets are amortized over their estimated useful lives, with the exception of Start-up costs, which are amortized over a maximum period of 5 years, as permitted by the Code de Commerce (Article R.123-187).
At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs.
Fixed assets are amortised over their estimated useful lives in the following manner:

Fixed asset	Estimated useful life
Start-up costs	5 years
Software	5 years
Website	3 years
Fixtures and fittings	10 years
Computer equipment	3 years
Office furniture	9 years
Software development	5 years

The amortization method is straight-line.

Securities portfolio

Accounting policies for securities transactions are defined by CRB regulation 90-01 as amended by CRC Regulations 2005-01, 2008-07 and 2008-17 endorsed by Regulations 2014-07 and by CRC Regulation 2005-03 for the determination of credit risk and impairment of fixed-income securities, endorsed as well by Regulations 2014-07.

Securities are presented in the financial statements according to their type:

"Government and public securities" for Treasury bills and similar securities,

"Bonds and other fixed income securities" for notes and interbank debt instruments, shares and other income securities variable

"Equities and other variable income securities"

The item "Government and public securities" includes debt securities issued by public sector entities that may be refinanced through the European System of central banks.

They are classified in portfolios defined by regulation (trading, investment securities, placement securities, long term equities investment, medium term portfolio, other long term equity investments and investments in subsidiaries and affiliates), depending on the initial intention for holding the securities at the time they were acquired.

Placement securities

Securities that do not fit in any existing category are recognized as placement securities.

Placement securities are recorded at acquisition cost including fees.

. Bonds and other fixed income securities:

These securities are recognised at acquisition cost excluding interest accrued at the acquisition date. Accrued interest at the date of acquisition is recorded separately as "Accrued interest".The difference between the purchase price and the redemption value is spread over the remaining life of the security on an actuarial basis.

Interests on these securities are recorded in Income statement as "Interest income on bonds and fixed income securities".

At the end of the reporting period, in application of the principle of prudence, placement securities are recorded on the balance sheet at their acquisition cost or selling price at the end of the reporting period, whichever is lower, after accounting, when relevant, for the value of the micro-hedge swap.

Excluding conterparty risk, when the decrease in the value of the security exceeds the unrealized gain on the micro-hedge, the decrease in net value is recorded in Net gains (losses) on placement portfolio as loss or gain on sales.

If the decrease in the value of the security arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with ANC regulation 2014-07 on credit risk.

If appropriate, Impairment intended to take into account counterparty risk and recognised under the cost of risk is booked on fixed income securities as follows:

. in the case of listed securities, impairment is based on market value, which intrinsically reflects credit risk. However, if Agence has specific information on the issuer's financial position that is not reflected in the market value, a specific impairment loss is recorded;

. in the case of unlisted securities, impairment is recorded in the same way as on loans and receivables to customers based on identified probable losses.

. Equities and other variable-income securities:

Equities are recognised on the balance sheet at their purchase price including transaction expenses. The associated dividends are recorded as income under "Income from variable-income securities".

Income from mutual funds is recognised when received under the same heading.

At each reporting date, short term investment securities are measured at the lower of acquisition cost and market value. If the current value of an item or a homogeneous set of securities (calculated from market prices at the reporting date, for example)is lower than its carrying amount, an impairment loss is recorded for the unrealised loss without being offset against any gains recognised on other categories of securities.

Investment securities

Investment securities are fixed income securities with a fixed maturity date that have been acquired or transferred to this category with the manifest intention of holding them until maturity.

This category only includes securities for which Agence has the necessary financial ability to continue holding them until maturity and that are not subject to any legal or other restriction that could interfere with its intention to hold them until maturity.

Securities considered as Investment securities are recorded on the date of purchase at acquisition clean price including fees. Accrued interest at the date of acquisition is recorded separatly as "Accrued interest". Interest on these securities is recorded in income as "Interest income on bonds and fixed income securities".

The difference between the purchase price and the redemption value is spread over the remaining life of the security on an actuarial basis.

Impairment is not booked for long term investment securities if their market value falls below cost. On the other hand, if the impairment arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with CRC regulation 2002-03 on credit risk.

In the case of the sale or reclassification to another category of long term investment securities and representing a material amount, during the current financial year and the next two financial years, the reporting entity is no longer authorised to classify securities previously bought and to be bought as long term investment securities, in accordance with CRC regulation 2005-01, except in the special cases provided by that regulation and by CRC regulation 2008-17.

Market price

The market price at which the various categories of securities are measured is determined as follows:

. Securities traded on an active market are measured at the latest price;

. If the market on which the security is traded is not or no longer considered active or if the security is unlisted, Agence determines the likely value at which the security concerned would be traded using valuation techniques. Firstly, these techniques take into account recent transactions carried out in normal competition conditions. If required, Agence uses valuation techniques commonly used by market participants to price these securities, when it has been demonstrated that these techniques provide reliable estimates of prices obtained in actual market transactions.

Recording date

Agence records securities classified as investment securities on the settlement date. Other securities, regardless of type or classification, are recognised on the trading date.

Disclosures on Placement securities and Investment securities

The Regulation CRC 2000-03, Appendix III, paragraph 1. 1.2, supplemented by Regulation No. 2004-16 of 23 November 2004 and Regulation CRC No. 2005-04 requires credit institutions to provide:

. A breakdown of Investment portfolio and Placement portfolio, public bills and similar securities, bonds and other fixed-income securities.

. For Placement securities, the amount of unrealized gains corresponding to the difference between the market value and acquisition cost is disclosed. The amount of unrealized gains on Placement securities subject to a provision in the balance sheet as well as investment securities unrealized losses not subject to provision.

Debt due to banks

Debt due to banks is broken down according to the initial maturity (sight or term debt).

Repurchase agreements (represented by certificates or securities) are included under these type according to the initial maturity. Accrued interest on these deposits is recognised under accrued interest and taken to profit and loss.

Debt securities issued

These debt securities are recorded at nominal value. Redemption and issue premiums are amortized on an actuarial basis over the maturity of the securities prorate temporis. They are recorded on the balance sheet in the same categories as the corresponding debt. Amortization of these premiums is recorded in the income statement as "Interest expense on bonds and other fixed income securities".

If bonds are issued above par, amortization of issue premiums is deducted from interest expense on bonds and other fixed income securities. Interest on bonds is recorded as Interest expense for accrued amounts calculated prorata temporis. Bond issue costs and commissions are amortized on an actuarial basis over the maturity of the related loans.

Derivative transactions

Agence engages in derivative transactions to hedge the interest rate and foreign exchange risks to which it is exposed in its activity.

Depending on their purpose, these transactions are assigned to micro-hedge or macro-hedge portfolios in accordance with CRB regulations 88-02 and 90-15 endorsed by ANC Regulations 2014-07. Valuation methods and accounting principles are determined according to the portfolio to which they are assigned.

Micro-hedge transactions

Transactions are booked as micro-hedges when they are designed to hedge against the interest rate risk related to an item or set of homogeneous items identified from the start. They involve swaps used to hedge issues of debt securities, fixed-income secuties recognised as placement securities and loans and advances to customers.

Macro-hedge transactions

This category includes transactions designed to hedge and manage the Company's overall exposure to interest rate risk on assets, liabilities and off-balance sheet items, excluding micro-hedge transactions.

The reduction measurement of the Company's global interest rate risk is done by making a sensitivity analysis of macro-hedge portfolios.

Hedging transactions accounting

Expense and income on these transactions are recorded in the income statement in the same way income and expense on the hedged item or set of homogeneous items are recorded.

Expense and income on these transactions are recorded in the income statement prorata temporis respectively as Interest expense or Interest income.

Unrealised gains and losses on derivatives valuation are not recorded.

Payments at the inception of hedging derivatives are recorded in other assets and other liabilities and amortized over their maturity according to an actuarial method.

In the event of early reimbursement or the sale of the hedged item, or early repayment within the framework of the renegotiation of the hedged item, the termination fee received or paid because of the early interruption of the hedging instrument is recorded in in the income statement if the hedging instrument has been cancelled.

Currency transactions

In accordance with ANC regulation 2014-07, AFL accounts for transactions in currencies in open accounts in each currency.

Foreign exchange position and currency exchange rate accounts are opened in each currency.

At each reporting date, the differences between the amounts resulting from the valuation of the foreign exchange position accounts at the market price on the closing date and the amounts entered in currency exchange rate accounts are recorded in the income statement.

Currency hedging transactions

As part of hedging its foreign exchange risk, AFL contract cross currency swaps. These operations are set up in order to eliminate at inception the risk of a change in currency rate related to an asset or a liability. This is mainly the hedging of debts issued by AFL in foreign currency.

The accounting principle used to recognize the result of the foreign exchange transactions of Cross currency swaps is to recognize in income prorata temporis over the duration of the contract, the interest rate gap between the forward and the spot currency rate.

Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities, and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses on receivables, and the recovery of amortised receivables.

Provisions

Agence applies CRC regulation 2000-06 on liabilities relating to the recognition and measurement of provisions falling within the scope of this regulation.

Provisions are recorded at present value when the three following conditions are met:

• Agence has a present legal or constructive obligation as a result of past events;

• It is probable that an outflow of resources representing economic benefits will be required to settle the obligation;

• A reliable estimate of the amount of the obligation can be made.

Tax consolidation

Since January 1, 2015, the Agence belongs to the tax group headed up by Agence France Locale - Société Térritoriale. This entity pays the total income tax owed by the group. The Agence records in its accounts the amount of tax for which it would be liable if it were not a member of the tax group. Tax savings realized by the tax group are recorded in the accounts of Agence France

Post-employment benefits

Agence has applied ANC recommendation 2013-02 of 7 November 2013 relating to the measurement and recognition of retirement and similar benefit obligations.

In accordance with this recommendation, Agence sets aside provisions to cover its retirement and similar benefit obligations falling within the category of defined-benefit plans.

These obligations are stated on the basis of actuarial, financial and demographic assumptions, and in accordance with the projected unit credit method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

The entity has opted for method 2 in recommendation 2013-02 which allows in particular for the recognition of gains or losses arising from changes to defined-benefit plans when the curtailment or settlement occurs.

The entity elected to immediately recognise the actuarial gains or losses in profit or loss over the expected average remaining working lives of the employees participating in the scheme. Accordingly the amount of the provision is equal to:

. the present value of the obligation to provide the defined benefits at the reporting date, calculated in accordance with the actuarial method advised by the recommendation;

. plus any actuarial gains (less any actuarial losses) not recognized,

. less, where applicable, the fair value of plan assets. These may be represented by an eligible insurance policy. In the event that the obligation is fully covered by such a policy, the fair value of the policy is deemed to be the value of the corresponding obligation, i.e. the amount of the corresponding actuarial liability.

The recommendation also allows for the recognition of actuarial gains and losses using the "corridor method" or any other method that results in faster recognition in profit or loss.

Identity of the parent company consolidating the accounts of the Agence as of December 31, 2024

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

IV - Notes to the Balance Sheet

Note 1 - PORTFOLIO

(€ '000s)

31/12/2024	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	1,103,351	157,819		1,261,171
Unlisted securities				-
Accrued interest	8,917	1,155		10,072
Impairment	(6,233)	(864)		(7,097)
Net carrying amount	1,106,035	158,110	-	1,264,146
Residual net Premium/Discount	(21,244)	1,106		(20,138)
31/12/2023				
Fixed or variable income securities				
Listed securities	861,390	108,468		969,857
Unlisted securities				-
Accrued interest	6,853	792		7,645
Impairment	(4,031)	(1,000)		(5,032)
Net carrying amount	864,211	108,260	-	972,471
Residual net Premium/Discount	818	1,603		2,421

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 31/12/2024	Total 31/12/2023
Government paper and similar securities								
Net amount	56,128	57,414	463,635	519,942	1,097,118	8,917	1,106,035	864,211
NET CARRYING AMOUNT	56,128	57,414	463,635	519,942	1,097,118	8,917	1,106,035	864,211
Bonds and other fixed income securities								
Net amount	-		147,990	8,965	156,955	1,155	158,110	108,260
NET CARRYING AMOUNT	-	-	147,990	8,965	156,955	1,155	158,110	108,260

Analysis by type of portfolio

Portfolio *(€ '000s)*	Gross amount 31/12/2023	Additions	Disposals	Transfers and other movements	Prem/Disc Amort.	Change in accrued interest	Impairment	Total 31/12/2024	Unrealized gains/(losses)
Transaction									
Held-for-sale	627,143	578,463	(418,467)	(454)	2,500	1,744	(2,192)	788,736	(31,995)
Investment	345,328	210,626	(83,792)	1,101	1,337	683	127	475,410	(12,684)
NET CARRYING AMOUNT	972,471	789,089	(502,259)	646	3,836	2,427	(2,066)	1,264,146	(44,679)
Of which Premium/Discount	2,421	(24,728)	(1,797)	130	3,836			(20,138)	

Note 2 -RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	31/12/2024	31/12/2023
Mandatory reserve deposits with central banks	485,873	975,186
Other deposits		
Cash and central banks	485,873	975,186

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 31/12/2024	Total 31/12/2023
Credit institutions								
Loans and receivables								
- demand	133,352				133,352	315	133,668	10,836
- time	60,000				60,000	297	60,297	60,572
Securities bought under repurchase agreements								
TOTAL	193,352	-	-	-	193,352	612	193,965	71,409
Impairment								
NET CARRYING AMOUNT	193,352	-	-	-	193,352	612	193,965	71,409

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 31/12/2024	Total 31/12/2023
Credit institutions								
Accounts and Overdrafts								
- demand	0.2				0.2		0.2	0.004
- time								
Securities sold under repurchase agreements								
TOTAL	0.2	-	-	-	0.2	-	0.2	0.004

Note 4 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	31/12/2024	31/12/2023
Short-term credit facilities	63,748	79,647
Other loans	8,510,808	6,932,632
Customers transactions before impairment charges	8,574,556	7,012,279
Impairment		
Net carrying amount	8,574,556	7,012,279
Of which related receivables	24,854	19,055
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 31/12/2024
Loans and advances to customers	218,685	258,006	324,247	2,404,043	5,344,721	8,549,701	24,854	8,574,556

Note 5 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible assets	31/12/2023	Additions	Transfers	Disposals	Amort.	Impairments	Other movements	31/12/2024
Intangible assets	14,977	666					64	15,707
Start-up costs	-							-
IT development costs	14,814	666					64	15,544
Web site	163							163
Software	-							-
Intangible assets in progress	139						(64)	76
Intangible assets amortisation	(12,179)				(1,118)			(13,297)
Net carrying amount	2,937	666			(1,118)			2,485

Property, plant & equipment	31/12/2023							31/12/2024
Property, plant & equipment	490	65		(24)				530
Tangible assets in progress	-							-
Tangible assets amortization	(282)			23	(73)			(332)
Net carrying amount	208	65		(1)	(73)			199

Note 6 - OTHER ASSETS AND ACCRUALS

(€ '000s)	31/12/2024	31/12/2023
Other assets		
Cash collateral paid	56,123	104,237
Other assets	1,192	546
Impairment		
Net carrying amount	57,315	104,783
Accruals		
Deferred charges on bond issues	78,245	69,421
Deferred charges on hedging transactions	40,425	31,124
Prepaid charges	868	257
Accrued interest not yet due on hedging transactions	125,475	75,208
Other deferred income	12	
Other accruals	38,315	6,776
TOTAL	283,340	182,785

Note 7 - 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 31/12/2024	Total 31/12/2023
Negotiable debt securities	100,000				100,000		100,000	389,053
Bonds	120,691	604,493	3,326,385	5,910,076	9,961,645	100,029	10,061,673	8,398,669
Other debt securities					-		-	-
TOTAL	220,691	604,493	3,326,385	5,910,076	10,061,645	100,029	10,161,673	8,787,722

Note 8 - OTHER LIABILITIES and ACCRUALS

(€ '000s)	31/12/2024	31/12/2023
Other liabilities		
Cash collateral received	211,736	133,307
Miscellaneous creditors	5,124	4,239
TOTAL	216,860	137,546
Accruals		
Transaction to pay and settlement accounts	10	290
Premium EMTN issue	18,835	24,842
Unrealised gains on hedging instruments	94,520	88,553
Unearned income	471	484
Accrued expenses on hedging instruments	56,221	38,556
Other accrued expenses		
Other accruals	28,662	35,623
TOTAL	198,719	188,349

Note 9 - PROVISIONS

(€ '000s)	Balance as of 31/12/2023	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 31/12/2024
Provisions						
Financing commitment execution risks						
Provisions for employee retirement and similar benefits	114	25	-	-	-	139
Provisions for other liabilities to employees						
Other provisions						
TOTAL	114	25	-	-	-	139

Note 10 - 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 31/12/2024	Total 31/12/2023
Subordinated term debts					-		-	-
Perpetual subordinated debts [(1)]				50,000	50,000	136	50,136	-
TOTAL	-	-	-	50,000	50,000	136	50,136	-

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

Note 11 - 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 31/12/2022	207,600	-	-	-	-	-	(21,254)	348	186,695
Change in share capital	14,100								14,100
Change in share premium and reserves									
Allocation of 2022 net profit							348	(348)	
Net income as of 31/12/2023								7,534	7,534
Other changes									
Balance as of 31/12/2023	221,700	-	-	-	-	-	(20,905)	7,534	208,328
Dividend paid for 2023									
Change in share capital	32,741 [(1)]								32,741
Change in share premium and reserves									
Allocation of 2023 net profit							7,534	(7,534)	
Net income as of 31/12/2024								5,780	5,780
Other changes	(13,372) [(2)]						13,372		
Balance as of 31/12/2024	241,069	-	-	-	-	-	-	5,780	246,849

(1) The share capital of Agence France Locale which amounts on 31 of December, 2024 € to 241,069,254.12 consists of 2,558,644 shares. The Company carried out four capital increases during the year 2024 subscribed on 14th March for €9,550K, on 28th June 2024 for €7,991K, on 6th November 2024 for €2,700K and on 27th December 2024 for €12,500K.

(2) On June 27, 2024, the Agency proceeded with a capital reduction by decreasing the nominal value of its shares from €100 to €94.2176, thus leading to a decrease in share capital by €13,372K. This reduction of €13,372K allowed for the absorption of the retained earnings deficit recorded in the accounts following the decisions of the General Assembly on June 27, 2024.

Note 12 - DERIVATIVES

Outstanding notional and Fair value

(€ '000s)	31/12/2024				31/12/2023			
	Hedging transactions		Others than Hedging transactions		Hedging transactions		Others than Hedging transactions	
	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value	Outstanding notional	Fair value
FIRM TRANSACTIONS	18,833,255	157,660	288,000	3	16,113,299	29,864	553,400	155
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	18,833,255	157,660	288,000	3	16,113,299	29,864	553,400	155
Interest rate contracts	17,116,561	170,942	288,000	3	14,904,038	136,197	553,400	155
FRA								
Cross Currency Swaps	1,716,695	(13,282)			1,209,261	(106,333)		
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 31/12/2024	17,184,356	(€ '000s)
Amount of macro-hedge transaction as of 31/12/2024	1,648,899	(€ '000s)
Amount of trading transaction as of 31/12/2024	288,000	(€ '000s)

Notional amount by maturity

(€ '000s)	31/12/2024					
	Hedging transactions			Others than Hedging transactions		
	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	1,901,829	4,608,754	12,322,672	72,000	156,000	60,000
Organised markets	-	-	-	-	-	-
Interest rate contracts						
Other contracts						
Over-the-counter markets	1,901,829	4,608,754	12,322,672	72,000	156,000	60,000
Interest rate contracts	1,176,645	4,205,302	11,734,614	72,000	156,000	60,000
FRA						
Cross Currency Swaps	725,184	403,453	588,058			
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 13 - INTEREST INCOME AND EXPENSES

(€ '000s)	31/12/2024	31/12/2023
Interest and similar income	457,737	335,773
Due from banks	55,569	50,144
Due from customers	298,968	202,606
Bonds and other fixed income securities	47,199	37,575
from Held-for-sale securities	*30,602*	*26,804*
from Investment securities	*16,598*	*10,771*
Macro-hedge transactions	46,439	33,616
Other interest income	9,561	11,833
Interest and similar expenses [1]	(433,919)	(311,745)
Due to banks	(4,571)	(3,215)
Debt securities	(396,481)	(282,024)
Macro-hedge transactions	(23,318)	(14,656)
Other interest expenses	(9,549)	(11,850)
Interest margin	23,818	24,028

[1] The amount of net interest and similar expenses on subordinated debts as of December 31, 2024 is €139k.

Note 14 - NET FEE AND COMMISSION INCOME

(€ '000s)	31/12/2024	31/12/2023
Commission income	441	274
Interbank transactions		
Customer transactions	441	274
Securities transactions		
Forward financial instruments transactions		
Currencies transactions		
Financing commitments and guarantee		
Other commissions recieved		
Commission expenses	(215)	(176)
Interbank transactions	(42)	(22)
Securities transactions		
Forward financial instruments transactions	(172)	(154)
Currencies transactions		
Financing commitments and guarantee		
Other commissions paid		
Net fee and commission income	227	98

Note 15 - ANALYSIS OF GAINS AND LOSSES ON PORTFOLIO TRANSACTIONS

(€ '000s)	31/12/2024	31/12/2023
Gains/(losses) on Trading book		
Gains/(losses) on forward financial instruments	44	5,613
Gains/(losses) on foreign currency transactions	4	11
Gains or (losses) on trading portfolio	48	5,623
Gains/(losses) from disposal of held-for-sale securities	461	(5,073)
Other income/(expenses) from held-for-sale securities		
Impairment (charges) and reversals on held-for-sale securities	(2,066)	(1,107)
Gains or (losses) on held-for-sale portfolio	(1,604)	(6,180)

Note 16 - GENERAL OPERATING EXPENSES

(€ '000s)	31/12/2024	31/12/2023
Employee expenses		
Wages and salaries	4,711	4,802
Post-employment benefit expenses	450	451
Other expenses	2,052	2,097
Total Employee expenses	7,214	7,351
Operating expenses		
Taxes and duties	517	1,364
External services	9,646	7,418
Total Administrative expenses	10,163	8,783
Charge-backs and reclassification of administrative expenses	(2,632)	(1,696)
Total General operating expenses	14,745	14,438

Note 17 - +/- NET GAINS (LOSSES) ON FIXED ASSETS

(€ '000s)	31/12/2024	31/12/2023
Gains on sales of Investment securities		
Gains on sales of tangible or intangible assets		
Reversal of impairment		
Total Gains on fixed assets	-	-
Losses on sales of Investment securities		
Losses on sales of tangible or intangible assets	(1)	(1)
Charge of impairment		
Total Losses on fixed assets	(1)	(1)
TOTAL	(1)	(1)

Note 18 - STAFF

	31/12/2024	31/12/2023
Director (corporate officer)	1	1
Managers	39	38
Technicians & employees		
Apprentices and professional trainng contracts	4	5
Average staff during the year	44	44
Staff at year-end	46	43

Note 19 - REMUNERATIONS

Remuneration for Board of AFL and the Group's Director:

Neither members of AFL Board nor Group's Director benefited from a payment in actions in conformance with the exercise 2024 and a compensation was settled because of termination of contract of employment. No other long-term advantage was granted to them.

Their Director's remunerations on the exercise 2024 were the following ones :

(€ '000s)	31/12/2024
Fixed remuneration	1,019
Variable remuneration	165
Payments in kind	24
Total	1,208

Members of the AFL Supervisory Board received €191k attendance fees.

Note 20 - EXTERNAL AUDITOR FEES

	Caillau Dedouit et Associés		KPMG Audit	
	2024 (€ '000s)	2023 (€ '000s)	2024 (€ '000s)	2023 (€ '000s)
Audit				
Fees related to statutory audit, certification, examination of:				
AFL-Société Opérationelle	121	76	121	76
Sub-total	121	76	121	76
Other fees and benefits (*) :				
AFL-Société Opérationelle	22	40	22	74
Sub-total	22	40	22	74
TOTAL	144	116	144	150

(*) Other fees and benefits are related to issue prospectus audit, capital increases, reliance letter.

Note 21 - INCOME TAX CHARGE

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

Note 22 - RELATED PARTIES

There are, on 31 December 2024, two agreement of administrative services with Agence France Locale - Société térritoriale and SO-Foncière, 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.

CAILLIAU DEDOUIT et ASSOCIES

KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

19 rue Clément Marot
75008 PARIS
France

Agence France Locale S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2024
Agence France Locale S.A.
112 rue Garibaldi - 69006 Lyon

KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

19 rue Clément Marot
75008 PARIS
France

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Agence France Locale S.A.

Registered office : 112 rue Garibaldi - 69006 Lyon

Statutory Auditors' Report on the Financial Statements

For the year ended 31 December 2024

To the General Meeting of Agence France Locale S.A.,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Agence France Locale S.A. for the year ended 31 December 2024.

In our opinion, the financial statements give a true and fair view of the results of operations for the year ended and of the financial position and assets of the Company as at 31 December 2024 in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are described in the section "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" of this report

Independence

We conducted our audit engagement in compliance with independence rules applicable to us and provided for by the French Commercial Code and the French Code of Ethics for statutory auditors, for the period from 1 January 2024 to the date of our report, and we did not provide any prohibited services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with Articles L.821-53 and R.821-180 of the French Commercial Code, relating to the justification of our assessments, we inform you that we have no key audit matters to communicate in our report relating to risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period.

Specific Verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and in other documents with respect to the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents with respect to the financial position and the financial statements provided to shareholders.

With respect to the information relating to payment terms referred to in Article D.441-6 of the French Commercial Code, we make the following observation:
As indicated in the management report, this information does not include banking and related operations, which the Company considers outside the scope of the required disclosure.

Report on Corporate Governance

We attest that the corporate governance section of the Supervisory Board's report contains the disclosures required by Article L.225-37-4 of the French Commercial Code.

Other Legal and Regulatory Verifications and Information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Agence France Locale S.A. by your General Meeting held on 17 December 2013.

As of 31 December 2024, KPMG S.A. and Cailliau Dedouit et Associés were in the 11th year of total uninterrupted engagement, including ten years since the entity entered the scope of Public Interest Entities as defined by European regulation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for implementing internal control as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, and, where applicable, internal audit, as they relate to the accounting and financial reporting process.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore :

- Identifies and assesses the risks of material misstatement, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control ;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements ;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If such uncertainty exists, the auditor draws attention in the report to the related disclosures in the financial statements or modifies the opinion if such disclosures are not adequate ;
- Evaluates the overall presentation of the financial statements and assesses whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit, the audit program implemented, and the results of our audit. We also report any significant deficiencies in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No 537/2014 confirming our independence, as defined by French law, in particular Articles L.821-27 to L.821-34 of the French Commercial Code and the French Code of Ethics for statutory auditors. Where applicable, we discuss with the Audit Committee any risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, March 26th, 2025 | Paris, March 26th, 2025

Sophie Meddouri
Partner

Sandrine Le Mao
Partner

AGENCE FRANCE LOCALE Consolidated accounts (IFRS GAAP)

BALANCE SHEET

Assets as of December 31, 2024

(€ '000s)	Notes	31/12/2024	31/12/2023
Cash, central banks	5	485,842	975,130
Financial assets at fair value through profit or loss	1	6,056	13,374
Hedging derivative instruments	2	676,072	705,064
Financial assets at fair value through other comprehensive income	3	763,359	591,496
Securities at amortized cost	4	465,424	329,201
Loans and receivables due from credit institutions and similar items at amortized cost	5	250,468	175,293
Loans and receivables due from customers at amortized cost	6	8,247,330	6,576,479
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			
Deferred tax assets	7	4,354	4,609
Accruals and other assets	8	4,422	1,480
Intangible assets	9	1,496	1,980
Property, plant and equipment	9	10,788	961
Goodwill			
TOTAL ASSETS		10,915,611	9,375,067

Liabilities as of December 31, 2024

(€ '000s)	Notes	31/12/2024	31/12/2023
Central banks			
Financial liabilities at fair value through profit or loss	1	6,054	13,219
Hedging derivative instruments	2	518,313	670,607
Debt securities	10	9,817,977	8,262,191
Due to credit institutions	11	211,737	133,307
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		57,527	81,770
Current tax liabilities			
Deferred tax liabilities	7	1,621	387
Accruals and other liabilities	12	5,765	5,312
Provisions	13	162	139
Equity		296,454	208,136
Equity, Group share		296,454	208,136
Share capital and reserves		241,069	221,700
Consolidated reserves		53,296	(15,252)
Gains and losses recognised directly in equity		(3,301)	(4,051)
Profit (loss) for the period		5,390	5,738
Non-controlling interests			
TOTAL LIABILITIES		10,915,611	9,375,067

Income statement

(€ '000s)	Notes	31/12/2024	31/12/2023
Interest and similar income	15	457,728	335,866
Interest and similar expenses	15	(433,783)	(311,748)
Fee & Commission Income	16	441	274
Fee & Commission Expense	16	(215)	(176)
Net gains (losses) on financial instruments at fair value through profit or loss	17	(747)	4,071
Net gains or losses on financial instruments at fair value through other comprehensive income	18	461	(5,073)
Net gains and losses on derecognition of financial assets at amortised cost			
Income on other activities			
Expenses on other activities			
NET BANKING INCOME		23,886	23,213
Operating expenses	19	(14,816)	(14,513)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(1,252)	(1,081)
GROSS OPERATING INCOME		7,818	7,619
Cost of risk	20	(378)	117
OPERATING INCOME		7,440	7,737
Net gains and losses on other assets	21	(1)	0.1
INCOME BEFORE TAX		7,439	7,737
Income tax	22	(2,049)	(1,999)
NET INCOME		5,390	5,738
Non-controlling interests			
NET INCOME GROUP SHARE		5,390	5,738
Basic earnings per share (in EUR)		2.11	2.59
Diluted earnings per share (in EUR)		2.11	2.59

Net income and other comprehensive income

(€ '000s)	31/12/2024	31/12/2023
Net income	5,390	5,738
Items will be reclassified subsequently to profit or loss	(3,082)	(1,577)
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	(4,148)	(2,064)
Other items recognized through other comprehensive income recyclable to income		
Related taxes	1,067	487
Elements not recyclable in profit or loss	3,828	2,542
Revaluation in respect of defined benefit plans	(3)	
Revaluation of financial assets at fair value through to equity	5,109	3,389
Other items recognized through other comprehensive income not recyclable to income		
Related taxes	(1,277)	(847)
Total gains and losses recognized directly in equity	746	965
COMPREHENSIVE INCOME	6,136	6,703

Consolidated statement of changes in equity

(€ '000s)	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, after tax	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 1 january 2023	207,600	-	(18,010)	-	(1,546)	-	-	(3,470)	2,758	187,333	-	187,333
Increase in share capital	14,100									14,100		14,100
Elimination of treasury shares												
Issuance / redemption of equity instruments												
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2022			2,758						(2,758)			
Dividends 2022 paid												
Sub-total of changes linked to transactions with shareholders	14,100	-	2,758	-	-	-	-	-	(2,758)	14,100	-	14,100
Changes in fair value through equity					(1,959)					(1,959)		(1,959)
Change in value of through profit or loss					(105)					(105)		(105)
Revaluation of financial assets at fair value through not recyclable equity								3,389		3,389		3,389
Changes in actuarial gains on retirement benefits												
Related taxes					487			(847)		(360)		(360)
Changes in gains and losses recognized directly in equity	-	-	-	-	(1,577)	-	-	2,542	-	965	-	965
2023 Net income									5,738	5,738		5,738
Sub-total	-	-	-	-	(1,577)	-	-	2,542	5,738	6,703	-	6,703
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 31 December 2023	221,700	-	(15,252)	-	(3,123)	-	-	(928)	5,738	208,136	-	208,136
Increase in share capital	32,741 (1)									32,741		32,741
Elimination of treasury shares												
Issuance / redemption of equity instruments				49,441						49,441		49,441
Remuneration of undated deeplysubordinated notes												
Allocation of profit 2023			5,738						(5,738)			
Dividends 2023 paid												
Other changes	(13,372) (2)		13,372 (2)									
Sub-total of changes linked to transactions with shareholders	19,369	-	19,110	49,441	-	-	-	-	(5,738)	82,182	-	82,182
Changes in fair value through equity					(4,298)					(4,298)		(4,298)
Change in value of through profit or loss					150					150		150
Revaluation of financial assets at fair value through not recyclable equity								5,109		5,109		5,109
Changes in actuarial gains on retirement benefits			(3)							(3)		(3)
Related taxes					1,067			(1,277)		(211)		(211)
Changes in gains and losses recognized directly in equity	-	-	(3)	-	(3,082)	-	-	3,832	-	746	-	746
31 December 2024 Net income									5,390	5,390		5,390
Sub-total	-	-	(3)	-	(3,082)	-	-	3,832	5,390	6,136	-	6,136
Effect of acquisitions and disposals on non-controlling interests												
Shareholders' equity at 31 December 2024	241,069	-	3,854	49,441	(6,204)	-	-	2,904	5,390	296,454	-	296,454

(1) The share capital of Agence France Locale which amounts on 31 of December, 2024 to € 241,069,254.12 consists of 2,558,644 shares. The Company carried out four capital increases during the year 2024 subscribed on 14th March for € 9,550K, on 28th June 2024 for €7,991K, on 6th November 2024 for €2,700K and on 27th December 2024 for €12,500K.
(2) On June 27, 2024, the Agency proceeded with a capital reduction by decreasing the nominal value of its shares from €100 to €94.2176, thus leading to a decrease in share capital by €13,372k. This reduction of €13,372k allowed for the absorption of the retained earnings deficit recorded in the accounts following the decisions of the General Assembly on June 27, 2024.

Cash flow statement

(€ '000s)	31/12/2024	31/12/2023
Net income before taxes	7,439	7,737
+/- Net depreciation and amortisation of tangible and intangible non-current assets	1,252	1,081
+/- Net provisions and impairment charges	403	(117)
+/- Expense/income from investing activities	(16,618)	(4,878)
+/- Expense/income from financing activities	(51,053)	(46,776)
+/- Other non-cash items	(18,296)	(14,802)
= Non-monetary items included in net income before tax and other adjustments	(84,312)	(65,492)
+/- Cash from interbank operations		
+/- Cash from customer operations	(1,556,758)	(1,670,641)
+/- Cash from financing assets and liabilities	161,080	150,146
+/- Cash from not financing assets and liabilities	(2,586)	163
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(1,398,264)	(1,520,331)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	(1,475,136)	(1,578,087)
+/- Flows linked to financial assets and investments	(270,666)	115,606
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(10,719)	(737)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	(281,385)	114,869
+/- Cash from or for shareholders	82,491	14,100
+/- Other cash from financing activities	1,308,272	1,287,355
= CASH FLOW FROM FINANCING ACTIVITIES (C)	1,390,763	1,301,455
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	(365,759)	(161,763)
Cash flow from operating activities (A)	(1,475,136)	(1,578,087)
Cash flow from investing activities (B)	(281,385)	114,869
Cash flow from financing activities (C)	1,390,763	1,301,455
Effect of changes in exchange rates on cash and cash equivalents (D)		
Cash and cash equivalents at the beginning of the period	985,665	1,147,429
Cash and balances with central banks (assets & liabilities)	974,861	1,134,476
Interbank accounts (assets & liabilities) and loans/deposits at sight	10,804	12,953
Cash and cash equivalents at the end of the period	619,907	985,665
Cash and balances with central banks (assets & liabilities)	485,839	974,861
Interbank accounts (assets & liabilities) and loans/deposits at sight	134,067	10,804
CHANGE IN NET CASH	(365,759)	(161,763)

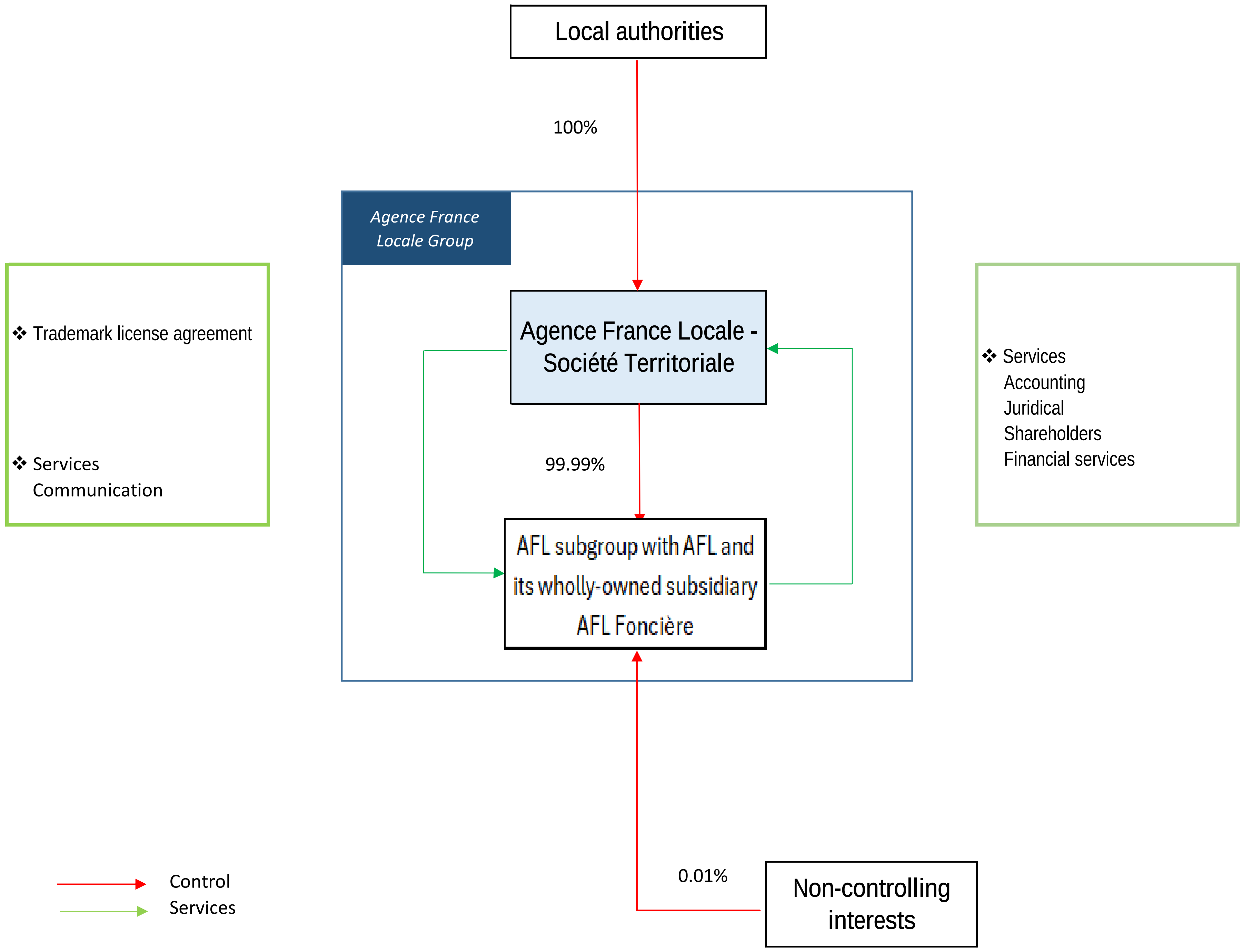
General framework

AFL (« Agence ») presentation

The AFL ("Agence") is the subsidiary of Agence France Locale - Société Territoriale ("AFL ST").

The AFL ST is a limited company with a Board of Directors whose shareholders are comprised exclusively of Communities that the membership of the Group AFL. The AFL ST is the parent company of the Agence. Agence is a limited company with an Executive Board and a Supervisory Board.

The diagram below shows the structure of the AFL group:



I - Publication context

The annual financial statements were approved by the Board of Directors as of March 11, 2025.

II - Highlights from financial year

The year 2024 marks a new progression in the AFL Group's results, driven by the growth of the credit activity, which is part of the Company's development trajectory in accordance with its 2022-2026 strategic plan, the main objectives of which were revised upwards in 2023, then in 2024. The increase in the generation of income from the credit activity since 2015, the year AFL began its activities, is the result of the regular and constant increase in the outstanding amount of credits granted to Member local authorities.

The production of medium and long-term loans carried out by the AFL for the 2024 financial year amounted to 1,964 million euros compared to 1,907 million euros for the year 2023. This new increase comes from a significant number of new memberships, most often followed by a call for credit, and generally speaking, from sustained growth in investment expenditure by local authorities in 2024, part of which is financed by recourse to borrowing.

In 2024, AFL carried out two syndicated issues in euros, at 8 and 10 years respectively. The first issue with a 10-year maturity and an amount of €750 million was carried out at a margin of 49 basis points above the OAT curve, and the second issue of €500 million with an 8-year maturity, in the format of sustainable bonds, at a margin of 24 basis points above the OAT curve. In addition to these two issues, there were two additional contributions of €250 million each, the first on the March 2034 bond issue, at a margin of 22.7 basis points above the OAT curve, to bring it to €1 billion and the second on the June 2028 bond issue, at a margin of 24.2 basis points above the OAT curve, to bring it to €1.25 billion. In addition, there was an inaugural issue denominated in Swiss francs for an amount of €110 million over 10 years and a new issue denominated in pounds sterling for an amount of €250 million over 3 years. Finally, the AFL made 7 private placements for a total amount of €244 million, including 6 private placements repayable at the AFL's option ("callable"). Generally speaking, private placements make it possible to optimize the maturity profile of AFL's debts as well as its financing cost.

On December 17, 2024, AFL issued perpetual fixed rate resettable deep subordinated debt securities, which will be 7% over the first period, and for a nominal amount of €50 million, intended to be recognized as additional tier 1 capital of AFL and the AFL Group.

On June 27, 2024, the Agency carried out a capital reduction by reducing the nominal value of its shares from €100 to €94.2176, thus leading to a reduction in share capital of €13,37K. This decrease of €13,372K allowed the absorption of the debit carryforward entered in the accounts following the decisions of the Combined General Meeting of June 27, 2024.

During the 2024 financial year, AFL-ST, pursuing its corporate purpose, subscribed to AFL's capital for €32.7 million as part of four capital increases during the year 2024, thus bringing the share capital to AFL from €221.7 million on January 1, 2024 to €241.1 million on December 31, 2024. AFL Group now has 1,045 members, including 269 new communities, who joined the AFL Group over the course of the past financial year.

In the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This is a building that is currently being fully renovated and is of very high environmental quality. It will house AFL's headquarters from 2026.

The year 2024 is marked by a quasi-stability of the net interest margin (NIM), at €23,945K compared to €24,128K for 2023, a level which had then benefited, firstly, from an abnormal fixing of the 3-month Euribor index on March 20, 2023 and secondly from a better remuneration of the deposits of the liquidity reserve with a carrying cost which deteriorated sharply in 2024, in particular due to deposits in the Banque de France. These elements had the effect of neutralizing the increase in interest income generated by the increase in outstanding credit. In addition to interest income, there were net commissions of €227K compared to only €98K in 2023, due to the increase in non-use commissions and capital gains on the sale of investment securities of €493K, after taking into account the result of the cessation of securities hedging relationships, compared to €540K in 2023. Finally, the result of hedge accounting, excluding the result of the cessation of securities hedging relationships, represents an expense of €793K compared to €1,569K in 2023.

This results in net banking income of €23,886K as of December 31, 2024, compared to €23,213K as of December 31, 2023.

As of December 31, 2024, interest income breaks down as follows:

▪ €322.1 million in net interest income from hedging instruments, on outstanding loans for 2024, compared to €221.6 million in 2023. This strong increase in interest income from one period to the next is explained by the significant increase in the volume of loans as well as by the increase in the average level of interest rates.

▪ €98.2 million in net interest income from hedging instruments, on the assets of the liquidity reserve and collateral management for 2024, compared to €84.5 million in interest expenses in 2023. This change is mainly explained by the increase in interest rates over the period, while the outstanding amount of the liquidity reserve remained relatively stable. However, it should be noted that the cost of carrying liquidity increased significantly in 2024, due to an increase in the cost of debt that was only partially offset by the increase in the return on liquidity.

▪ €396.3 million in net interest charges from hedging instruments, on the outstanding debts that AFL carries on its balance sheet, compared to €282 million in interest income in 2023. This sharp increase in debt interest is also explained by the combined effect of the increase in the volume of debt and the higher average level of interest rates.

During the period, the liquidity reserve portfolio management generated €493K in income from sales of investment securities, net of the cancellation of interest rate hedging instruments for the securities that were sold. For comparison, portfolio management generated a net amount of capital gains from sales of €540K in 2023.

As of December 31, 2024, the net result of hedge accounting amounts to -€749K compared to €4,043K as of December 31, 2023. It is made up of two elements; on the one hand, proceeds from the termination of interest rate hedges related to the sales of securities mentioned above for €44K and on the other hand, the sum of the fair value differences of the hedged items and their hedging instruments for -€793K. Of these differences, €9K relate to valuation differences on interest rate hedging instruments classified as macro-hedging, and -€802K relate to valuation differences on interest rate hedging instruments classified as micro-hedging and denominated in euros. 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 that this is, however, a latent result.

As of December 31, 2024, general operating expenses represented €14,816K compared to €14,513K as of December 31, 2023. They account for €7,252K in personnel expenses, compared to those of the previous financial year, which amounted to €7,343K. General operating expenses also include administrative expenses, which amount to €7,564K, once restated for the application of the IFRIC relating to software used in SaaS mode, compared to €7,170K as of December 31, 2023. This increase in administrative expenses of €394K is explained by the increase of €1,241k in external services mainly linked to the increase in operating costs of IT systems and an increase in consulting and service provider fees in the company's various businesses. This increase is not fully offset by the €847K decrease in taxes and duties, including contributions to banking regulatory bodies, which represent €35K for 2024 while they amounted to €1,012K in 2023, due to the disappearance in 2024 of the contribution to the "Fond de résolution Unique". This represented €975K in 2023.

After depreciation and amortization, gross operating income as of December 31, 2024 stands at €7,818K compared to €7,619K for 2023.

The cost of risk relating to ex-ante impairments for expected credit losses (ECL) on financial assets under IFRS 9 represents a charge of €378K in 2024 compared to a reversal of impairments of €117K in 2023. This increase in the cost of risk comes mainly from the growth in outstanding amounts and partly from a deterioration in the assumptions used to construct macroeconomic scenarios by asset class in order to take into account an unfavorable change in macroeconomic and geostrategic risks. The stock of impairments stands at €1,536K as of December 31, 2024

After the allocation of the cost of risk resulting from the application of IFRS 9, the operating result as of December 31, 2024, stands at €7,440K, compared to €7,737K as of December 31, 2023.

Finally, the tax charges for 2024 amount to €2,049K. They include:

• €772K of current tax charges;

• €1,278K of deferred tax charges, including €1,012K of charges related to the reduction of deferred tax assets, relating to the activation of previously constituted tax losses, and €266k of deferred tax charges related to consolidation restatements, the majority of which come from the cancellation under IFRS of depreciation provisions on portfolio securities calculated in accordance with French accounting standards, but also from hedge ineffectiveness charges.

After taking into account tax charges, net income as of December 31, 2024 amounts to €5,390K compared to €5,738K as of December 31, 2023.

Subsequent events

No significant subsequent events occurred on the beginning of 2025 after the accounts closure date has to be reported.

III - Principles and methods applicable to AFL, 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 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, 2024

▪ Amendments to IFRS 16 “Leases – Lease Liability Arising from a Sale and Leaseback”: This amendment provides clarification on the subsequent measurement of sale and leaseback transactions when the initial sale of the asset meets the criteria in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale. In particular, this amendment clarifies how to subsequently measure the lease liability arising from such sale and leaseback transactions, consisting of variable rental payments that are not dependent on an index or rate.

▪ amendments to IAS 7 and IFRS 7 Supplier Financing Arrangements: published by the IASB in May 2023, adopted by the European Union on 15 May 2024 (EU Regulation No. 2024/1317) and immediately applicable to financial years beginning on or after 1 January 2024, these amendments specify the disclosure requirements in order to improve the current requirements, which aim to assist supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

▪ amendment to IAS 12 “Deferred Taxes on Assets and Liabilities Arising from a Single Transaction”: this amendment removes the exemption from initial recognition of deferred taxes for transactions resulting from taxable and deductible temporary differences of the same amount
These amendments had no impact on the AFL's financial statements.

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

AFL has decided not to apply the following standards in advance:

▪ amendments to IAS 21 “Effects of Changes in Foreign Exchange Rates”: these amendments specify the situations in which a currency is considered convertible, as well as the methods for measuring the exchange rate of a non-convertible currency. They also supplement the information to be communicated in the appendices to the financial statements when a currency is not convertible. The Group will not be affected by these amendments because it does not carry out transactions in non-convertible currencies.

▪ amendments to IAS 1 Presentation of Financial Statements: this amendment is immediately applicable to financial years beginning on or after 1 January 2024. These amendments specify the distinguishing criteria between current liabilities and non-current liabilities. These amendments have no impact on the AFL's consolidated financial statements since the Group presents its assets and liabilities in order of liquidity, like most credit institutions.

▪ amendments to IFRS 9 “changes to the classification and measurement of financial instruments”
These amendments provide clarifications on the classification of financial assets and in particular on how to assess the consistency of the contractual flows of a financial asset with a basic loan contract. They thus clarify the classification of financial assets with environmental, social and corporate governance (ESG) or similar characteristics.
Clarifications are also provided for the classification of contractually bound instruments and financial assets guaranteed only by real collateral.
Furthermore, these amendments clarify the terms of derecognition of financial liabilities settled using electronic payment systems.
New disclosures are also required regarding equity instruments designated from the outset to be measured at fair value through equity, as well as financial assets and liabilities with conditional characteristics, such as instruments with ESG factors.

IV - Accounting principles applied to the financial statements

Scope of consolidation and control

During the first half of 2024, AFL created a wholly-owned subsidiary whose main purpose is the acquisition of a building located in the Lyon - Part Dieu district. This new subsidiary is consolidated for the first time in the Group using the global integration method.

The AFL from the point of view of its consolidated accounts is organized as follows:
- The parent company of the Group is AFL
- AFL Foncière, an entity over which AFL exercises exclusive control, is consolidated 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.

Consolidation methods

A subsidiary is an entity controlled by the group. The Group considers that it has exclusive control of a company when it is in a position to influence directly or indirectly the operational and financial policies of the company.The subsidiaries' financial statements are included in the consolidated financial statements from the date control is obtained to the date control ceases. Revenues, expenses and balance sheet items resulting from intra-group transactions are eliminated.
Changes in ownership interests in a subsidiary's equity instruments that do not result in a loss of control are accounted for as equity transactions.
AFL hold an exclusive control on AFL Foncière. The consolidation method used is full consolidation method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and only the net balance is presented in the balance sheet when there is a legally enforceable right to offset the amounts and it is the intention of the parties that the expected future cash flows will be settled on a net basis or that the asset will be derecognized and the liability extinguished simultaneously.

Classification and measurement

On initial recognition, financial assets are classified at amortized cost, at fair value through other comprehensive income, or at fair value through profit of loss, according to the type of instrument (debt or equity), the characteristics of their contractual cash flows and how the entity manages its financial instruments (its business model).

Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. Judgment must be exercised to assess the business model.
The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information.

For example:
- the way in which the performance of financial assets is assessed and presented to the main company directors;
- risks which have an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which directors are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency of, volume of and reason for sales.

The IFRS 9 standard uses three business models:
- a business model whose objective is to hold financial assets in order to receive contractual cash flows ("hold to collect model"). This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur under the following conditions:

o the disposals are due to an increase in credit risk;
o the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed;
o other disposals may also be compatible with the "hold to collect" model's objectives if they are in frequent(even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

AFL applies "collect" business model for its local authorities lending activities.
- a mixed management model in which assets are managed with the objective of both collecting the contractual cash flows and selling the financial assets ("collect and sales model").

AFL applies the "collect and sale" model to its portfolio management activities in the liquidity reserve.
- a model specific to other financial assets, particularly trading assets, in which the collection of contractual flows is incidental and whose main objective is to sell the assets.

AFL does not apply this business model and does not have a trading portfolio.

Types of contractual cash flows: the SPPI (Solely Payments of Principal and Interest) test

A financial asset is classified as generating solely payments of principal and interest if, on specific dates, it gives rise to cash flows that are solely payments of principal and interest on the outstanding amount due. The SPPI test should be performed for each financial asset on initial recognition.
The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.
The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubts as to whether only the time value of money and credit risk are represented must therefore be analyzed.

For example:

Any contractual option that creates risk exposure or cash-flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as SPPI.
- the applicable interest rate features (for example, consistency between the rate refixing period and the interest calculation period);

If a clear determination cannot be made through qualitative analysis, a quantitative analysis (a benchmark test) is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset.
- early redemption and extension conditions;

For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional compensation for the early termination of the contract.
Basic financial assets (those that generate SPPI) are debt instruments such as fixed-rate loans, variable-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or variable-rate debt securities.
Non-SPPI financial assets include, for example, convertible bonds or mandatory convertible bonds with a fixed conversion ratio.

Accounting categories

Debt instruments (loans, receivables or debt securities) may be valued at amortized cost, at fair value through other comprehensive income recyclable to income or at fair value through profit and loss.
A debt instrument is valued at amortized cost if it meets the following two conditions:
- the asset is held under a business model where the objective is to collect contractual cash flows; and
- the contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:
- the asset is held under a business model where the objective is both to collect contractual cash flows and to sell financial assets; and
- the contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading purposes, financial assets at fair value through profit or loss and non-basic (non-SPPI) assets.

Recognition at fair value through profit or loss as an option for financial assets only applies in the case of the elimination or significant reduction of an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy.
Embedded derivatives are no longer recognized separately to their host contract when these are financial assets, such that the entire hybrid instrument must now be recognized at fair value through profit or loss.
Debts, which are not classified as financial liabilities at fair value, are initially recorded at cost, which is the fair value of the amounts borrowed net of transaction costs. At the closing date, they are measured at amortized cost using the effective interest rate method and recorded in the balance sheet under "Debts due to credit institutions" or "Debt securities".

Financial assets at amortized cost

Financial assets at amortized cost include loans and receivables due from credit institutions and customers.
Loans and receivables from credit institutions are broken down according to their initial maturity or their nature: demand debts (demand deposits, ordinary accounts) or term deposits (term accounts).
They are recognized, after their initial recognition, at amortized cost using the effective interest rate method and may be subject to an impairment, if any.
The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.This premium is spread over the life of the loans through the calculation of a new effective interest rate.

Financial assets at fair value through profit or loss

This asset category includes:

• financial assets held for trading, i.e. securities acquired or issued principally for the purpose of selling them in the near term;

• financial assets that the Group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IFRS 9.

The Agence does not hold financial assets at fair value through profit or loss as such.

They are investment portfolio fair value hedging derivatives in a fixed-rate borrower position, which hedged items has been sold, which have been neutralised by fixed-rate lender derivatives. Those contracts, concluded in a clearing house, present positions which are rigorously symmetric in terms of rates and maturities. These financial assets and liabilities, although they are the object of a framework netting agreement, are presented as assets and liabilities because future cash flows payable and receivable differ in the amount of the fixed-rate coupon payable and receivable.

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in “Net gains or losses on financial instruments at fair value through profit or loss”.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially recognized at fair value, plus any transaction costs.

- Debt instruments measured at fair value through other comprehensive income recyclable to income

On the balance sheet date, they are carried at their fair value and changes in fair value (excluding accrued interest) are recorded under "Gains and losses recognized directly in other comprehensive income recyclable to income”.

In the event of disposal, these changes in fair value are not transferred to income but directly to retained earnings under equity.

These instruments are subject to IFRS 9 impairment requirements. If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on debt instruments is recorded under “Interest and similar income” based on the effective interest rate method.

Upon disposal of these securities, unrealized gains or losses previously recognized in equity are recycled in the income statement within "Net gains or losses on at fair value through other comprehensive income".

- Debt instruments measured at fair value through other comprehensive income not recyclable to income

AFL does not hold any debt instruments measured at fair value through non-recyclable equity.

Recognition date of securities

AFLrecords financial securities on the settlement date.

Financial assets designated at fair value through profit or loss (fair value option)

AFL Group does not use the option to designate its financial assets at fair value through profit or loss.

Financial information regarding financial instruments

Information relating to the risk management as required by IFRS 7 are disclosed into annual management report.

Impairment of assets at amortized cost and at fair value through other comprehensive income, and provisioning of loan and guarantee commitments

Debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income, loan commitments and financial guarantee contracts are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

These financial instruments are divided into three categories depending on the increase in credit risk observed since their initial recognition.

An impairment or a provision is recognized on outstanding amounts in each category, as follows:

Stage 1 (Performing assets)

· these are performing loans for which credit risk has not increased materially since the initial recognition of the financial instrument;

· the impairment or the provision for credit risk corresponds to 12-month expected credit losses;

Stage 2 (Non-performing assets)

· performing loans for which credit risk has increased materially since the initial recognition of the financial instrument are transferred to this category;

Factors to detect an increase in credit risk for local government loans are:

- Degradation of three (3) points or more of the internal note
- Change to an internal note greater than 6.5
- Non-technical outstanding payment for more than 30 days all loans combined,
- Restructuring of a loan meaning that the local hautority is having difficulty meeting its deadlines,
- Significant internal or external event

Regarding the assets of the liquidity reserve the criteria retained are:

- Degradation of two (2) notchs or more of the internal note
- Non-technical outstanding payment for more than 30 days from a contractual cash flow, a security or any other product with the counterparty,
- Significant internal or external event
- Restructuring of the debt

· the impairment or the provision for credit risk is determined on the basis of the financial instrument’s lifetime expected credit losses;

When all the elements allowing to note a degradation of the risk are solved, the exposures are considered as having no more risk of degradation.

Stage 3 (Doubtfull assets)

· non-performing loans within the meaning of IFRS 9 are transferred to this category. These are loans for which there is objective evidence of impairment loss due to an event which represents a credit risk occurring after the initial recognition of the instrument in question. In particular, objective evidence of impairment includes any payments that are past due by at least three months, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered or to the initiation of legal proceedings;

· these events are liable to lead to the recognition of incurred credit losses, that is, expected credit losses for which the probability of occurrence has become certain.

. the impairment or the provision for credit risk is calculated based on the financial instrument's lifetime expected credit losses on the basis of the recoverable amount of the receivable, i.e., the present value of estimated recoverable future cash flows taking into account the impact of any collateral;

When all the criteria having triggered the classification in default are cleared, that there is no new one whatever its nature, the counterparty can leave the default category.

All outstanding payment must have been regularized, no unpaid must therefore continue at the time of the release of the the default category.
A probationary period of 6 months begins when all the conditions of the default are met and the healthy return has been decided by the Credit Committee.
During the probationary period, payments must continue on a regular basis and without delay, an unpaid amount immediately causes the return to default category.
The Credit Committee instructs and validates the exit of the default category.
Depreciation charges and reversals amounts are registred in "Cost of risk" in income statement.

Estimation of Expected Credit Losses (ECL)

IFRS 9 requires institutions to calculate expected credit losses based on statistics produced from historical data that account for business cycles that affect their counterparties.
Agence France Locale has less than three years of existence at implementation of the standard, it does not have a default data history.

To overcome this lack of data, and considering the low level of risk represented by its exposures, AFL Group has decided to base its ECL method on external public data and on the documented opinion of its experts given at quarterly meetings.
The process is framed by two committees. The Provision Committee deals with the parameters used in the calculation of provisions: it sets the probability of realization of business cycle evolution scenarios and validates the calculation of default probabilities and losses in case of default. The Provision Credit Committee scans line by line exposures and validates their treatment in terms of provision.

- The exposures classification in the 3 phases is a function of the evolution of the ratings of these exposures since their entry in the balance sheet. The ratings used are rating agencies ratings or internal[1] ratings in the case of local governments, possibly supplemented by expert opinion to reflect recent information and future risks. The thresholds used are relative and absolute.

- The calculation of default probabilities (PD) is based on historical default rates ("point in time" default) and cumulated default rates ("through the cycle") published by rating agencies with a historical depth of 35 years. The default rates of the high point and low point of the cycle scenarios are derived from the first and last deciles of the histories; the average default rates are used for the central scenario.
- Beyond 10 years, cumulated default rates are extrapolated using a Weibull statistical law;

- For the liquidity reserve exposures, regulatory default losses (LGD) of the standard approach (45%) are used. For exposures on local authorities, an LGD was calculated by expert opinion;

- The experts decide on future developments in the business cycle and establish the forward-looking vision by defining the weightings of the 3 scenarios (central, low point of the cycle and high point of the cycle). The experts' expectations are underpinned by the macroeconomic, sectoral and geographical studies published by recognized institutions such as the World Bank, the European Central Bank, the economic research of the big banks or the rating agencies.

The process is framed by two committees. The “Comité expert provisions” deals with the parameters used in the calculation of provisions: it sets the probability of realization of scenarios of evolution of the economic cycle and validates the calculations of probabilities of default and losses in case of default. The “Comité de crédit provisions” scans line by line exposures and validates their treatment in terms of impairment.

Fixed assets

Fixed assets are recognised at their acquisition cost plus acquisition expenses that are directly related and required to put them in working order so that they can be used.
After initial recognition fixed assets are valued at their nominal value less accumulated depreciation and possible impairment losses.
Fixed assets that are depreciated are subject to impairment tests in cases where evidence of a loss of value is identified at year-end. Fixed assets that are not depreciated are subject to impairment tests in cases where potential evidence of a loss of value is identified at year-end, and at least once a year.
If evidence of a loss of value is recorded, the recoverable value of the asset is compared with its net book value. In the event of a loss of value, an impairment charge is recorded in the profit and loss statement. That impairment changes the depreciation schedule of the asset going forwards. The impairment is reversed in the event of a change in the estimated recoverable value or the evidence of impairment disappears.

Tangible assets

Tangible assets are depreciated linearly over their expected useful life.

Fixed asset	Estimated usefull life
Fixtures and fittings	10 years
Computer equipment	3 years
Office furniture	9 years

Intangible assets

Software are recognised in intangible assets as they meet the following three criteria in respect of IAS 38:
- Must be identifiable;
- Be controlled by the Company;
- Is likely that the future economic advantages attributable to such an element will go to the Company.

Intangible assets are depreciated linearly over their expected useful life.

Fixed asset	Estimated usefull life
Software	5 years
Website	3 years
Software development	5 years

Debt

Debt that is not classified in financial liabilities at fair value is initially recorded at cost, which corresponds to the fair value of the amounts borrowed net of transaction costs. At year-end, the debt is valued at amortised cost according to the effective interest rate and recorded in the balance sheet under “Debt payable to credit institutions” or “Debt represented by a security”.
Debts due to credit institutions are broken down according to their initial maturity or their nature: demand debts (demand deposits, ordinary accounts) or term deposits (term accounts).

Distinction between debt and equity: Indefinite-term subordinated securities

Subordinated securities are classified as debt or equity instruments based in particular on the analysis of their characteristics and more specifically on their method of remuneration depending on whether it is discretionary or not.

When the subordinated securities issued meet the criteria for classification as "Equity Instruments", the coupons are treated as dividends and are deducted from equity. For these coupon distributions corresponding to profit distributions, the deferred tax asset, representing a tax saving, is recognised in profit or loss in accordance with IAS 12.

Hedge accounting

Fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognised, or of a firm commitment that has not been recognised. Cash flow hedges are intended to provide protection from a change in future cash flows from financial instruments associated with a recognised asset or liability (for example, with all or part of future interest payments on a floating-rate debt) or a projected transaction that is considered to be highly probable. Hedges of net investments in a foreign operation are intended to provide protection from the risk of an adverse movement in fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the euro. Hedges must meet the following criteria in order to be eligible for hedge accounting:

- The hedging instrument and the instrument hedged must be eligible;
- There must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk to assess whether the hedging relationship meets the effectiveness constraints of the hedge.

The hedging relationship satisfies the effectiveness constraints of the hedge if there is an economic link between the hedged item and the hedging instrument.

For an economic link to exist, the value of the hedging instrument and that of the hedged item must generally vary inversely with each other as a result of same risk, which is the risk covered.

The effectiveness of the hedge is the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item.

Depending on the factors involved, the method of assessing the effectiveness of the hedge may consist of a qualitative or quantitative assessment.

For example, when the critical terms (such as the nominal amount, maturity and underlying) of the hedging instrument and the hedged item match or are closely aligned, it might be possible for an entity to conclude on the basis of a qualitative assessment of those critical terms that the hedging instrument and the hedged item have values that will generally move in the opposite direction because of the same risk and hence that an economic relationship exists between the hedged item and the hedging instrument

Fair value hedge

Any revaluation of the derivative is recognised in profit and loss in a way that mirrors the revaluation of the item hedged. Gains or losses attributable to the hedged risk are recognised in "Net gains or losses on financial instruments at fair value through profit and loss" in the profit and loss statement. As soon as the hedge relationship becomes effective, movements in the fair value of the hedged item are mirrored by the movements in the fair value of the hedging instrument. Any potential failure in the hedge is directly recognised in profit and loss.

The potential ineffectiveness of the hedge is recognized directly in the income statement. The relative ineffectiveness of the bi-curve valuation of collateralised derivatives is taken into account in the efficiency calculations.

The portion relating to the accrued income or expenses of the derivative instrument is recognised in Income and interest expense in the profit and loss statement at the same time as the interest income and expense relating to the hedged item.

In case of interruption of the hedging relationship (management decision, non-compliance with the effectiveness criteria or sale of the hedged item before maturity), the hedging derivative is transferred to the trading portfolio. The amount of revaluation recorded in the balance sheet for the hedged item is amortized over the remaining life of the original hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation is recognized in the income statement for the period.

Cash flow hedge

The change in value of the derivative is recognised in the balance sheet through a specific account in other comprehensive income for the efficient portion and any inefficient portion of the hedge is recognised in the income statement. Any profits or losses on the derivative accrued through other comprehensive income are then reclassified in the income statement when the hedged cash flows occur;

Macro-hedging

AFL applies the provisions of IAS 39, as adopted by the European Union, to macro-hedging transactions that are performed as part of the asset & liability management of fixed-rate positions (IAS 39 carve-out). Macro-hedging instruments are interest-rate swaps designated as fair value hedges for the Group's fixed-rate resources. Macro-hedging derivatives are accounted for according to the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation differences on portfolios hedged against interest rate risk".

Determining fair value or market value

IFRS 13 defines fair value as the price received for the sale of an asset or paid for the transfer of a liability in a standard transaction between market participants on the valuation date.

When an instrument is initially recognised, its fair value is generally the transaction price.

IFRS 13 recommends using a price quoted on an active market in the first instance to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multiple inputs), an intermediary or a regulatory agency, and if those prices represent real transactions (volume and price range) under normal competition conditions.

In the absence of an active market, the fair value must be determined using valuation techniques.

These techniques include the use of recent transactions performed in a normal competition environment. They are based on market data, on the fair value of substantially identical instruments, or on cash flow or option valuation discount models, and involve recognised valuation methods.

The aim of a valuation technique is to establish what the price of an instrument would be under normal market conditions.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price.

Fair value of financial instruments are presented in Appendix over three levels in descending order of observability of values and parameters used for their valuation:

level 1: Instruments valued using quoted prices (non-adjusted) in active markets for identical assets or liabilities. These specifically include bonds and negotiable debt securities listed on markets;

level 2: Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 2 is composed of:

- Instruments that are traded over the counter, the fair value of which is measured with models using observable market data, i.e. derived from various and independent available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.
- Instruments that are traded over the counter, the fair value of which is measured with models using observable market data, i.e. derived from various and independent available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.

Level 3: fair value that is measured using significant unobservable inputs

For some instruments that are not traded in an active market, fair value measurement is based on valuation techniques using assumptions i.e. that cannot be observed on the market for an identical instrument. Loans to local authorities are disclosed within Level 3.

Provisions

Provisions are recorded in balance sheet liabilities when the AFL Group has an obligation towards a third party and that obligation is likely or certain to cause an outflow of funds for the benefit of the third party with no expectation of a counter-payment that is at least equivalent.

Provisions and provision reversals are recorded in profit and loss on the lines that correspond to the nature of the future expenditure involved.

Interest income and expense

Interest income and expense are recognised in the profit and loss statement for all financial instruments valued at amortised cost using the effective interest rate.

Interest income and expense include for available for sale and held to maturity securities, the difference between the purchase price and the redemption value which is spread over the remaining life of the security on an actuarial basis.

The effective interest rate is the rate that discounts future cash outflows or inflows exactly over the expected life of the financial instrument, so as to arrive at the net book value of the financial asset or liability.

The calculation of this rate factors in commissions received or paid, which are by nature an integral part of the effective contract rate.

Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities, and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses on receivables, and the recovery of amortised receivables.

Current tax expense

The current income tax expense is calculated using a 25% rate which is the effective tax rate for the 31 December 2023 period.

The Agence and its parent company AFL ST form a fiscal integration group since January 1, 2015, AFL ST is fiscal group head.

Deferred taxes

Deferred taxes are recognized using the variable carry-forward method to account for temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

The tax rates enacted or substantively enacted at the balance-sheet date are used to determine deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is recognised as tax income or expense in the profit and loss statement, except for tax relating to unrealised gains and losses on assets available for sale, and for movements in the value of derivatives classified as cash flow hedges, for which deferred tax is charged directly to equity capital.

IAS 12 prohibits discounting of deferred tax assets and liabilities.

Post-employment benefits

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method.

Under this method, each period of service gives rise to an additional unit in terms of benefit entitlement and each unit is assessed separately so as to calculate the final obligation. This final obligation is then discounted. The main items taken into account in these calculations are:

• an estimated date of payment of the benefit,
• a financial discount rate
• an inflation rate
• assumptions on salary increases, staff turnover

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recorded in the “Income and expenses recognized directly in equity” statement, and will not be recycled in the income statement.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:

• The service cost (recognized in “Operating income” in “Other general operating expenses”);
• The finance cost less the expected yield on plan assets (recognized in “Non-operating income” in “Pension obligation expense or income”). These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations.

V - Notes to the Balance Sheet

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

	31/12/2024		31/12/2023	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	6,056	6,054	13,374	13,219
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	6,056	6,054	13,374	13,219

Financial assets held for trading

	31/12/2024		31/12/2023	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	6,056	6,054	13,374	13,219
Total Financial assets held for trading	6,056	6,054	13,374	13,219

	31/12/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	144,000	144,000	6,056	6,054	276,700	276,700	13,374	13,219
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	144,000	144,000	6,056	6,054	276,700	276,700	13,374	13,219
Interest rate contracts	144,000	144,000	6,056	6,054	276,700	276,700	13,374	13,219
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

	31/12/2024		31/12/2023	
(€ '000s)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as fair value hedges	585,441	479,109	593,493	636,719
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	90,631	39,204	111,571	33,888
Total Hedging derivatives	676,072	518,313	705,064	670,607

Detail of derivatives designated as fair value hedges

	31/12/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	10,472,159	6,712,198	585,441	479,109	9,235,506	5,576,037	593,493	636,719
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	10,472,159	6,712,198	585,441	479,109	9,235,506	5,576,037	593,493	636,719
Interest rate contracts	8,941,514	6,526,148	514,909	395,295	8,163,407	5,438,876	581,959	518,852
FRA								
Cross Currency Swaps	1,530,645	186,050	70,532	83,814	1,072,099	137,162	11,534	117,867
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

	31/12/2024				31/12/2023			
	Notional amount		Fair value		Notional amount		Fair value	
(€ '000s)	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	175,870	1,473,029	90,631	39,204	178,010	1,123,745	111,571	33,888
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	175,870	1,473,029	90,631	39,204	178,010	1,123,745	111,571	33,888
Interest rate contracts	175,870	1,473,029	90,631	39,204	178,010	1,123,745	111,571	33,888
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

	31/12/2024						
	(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
(€ '000s)				Financial instrument	Collateral received		
Financial instruments at fair value through profit or loss	682,128	-	682,128	440,553	211,736	-	29,839
Of which derivative financial instruments (including hedging derivatives)	682,128	-	682,128	440,553	211,736	-	29,839
Loans and receivables from credit institutions and customers	8,497,797	-	8,497,797	-	-	-	8,497,797
Of wich repurchase agreements	-	-	-	-	-	-	
Accrued income and other assets	4,422	-	4,422	-	-	-	4,422
Including security deposits given		-	-	-	-	-	
Other non offset assets	1,731,263	-	1,731,263	-	-	-	1,731,263
TOTAL ASSETS	10,915,611	-	10,915,611	440,553	211,736	-	10,263,321

	31/12/2023						
	(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
(€ '000s)				Financial instrument	Collateral received		
Financial instruments at fair value through profit or loss	718,438	-	718,438	565,959	133,307	-	19,172
Of which derivative financial instruments (including hedging derivatives)	718,438	-	718,438	565,959	133,307	-	19,172
Loans and receivables from credit institutions and customers	6,751,772	-	6,751,772	-	-	-	6,751,772
Of wich repurchase agreements	-	-	-	-	-	-	
Accrued income and other assets	1,480	-	1,480	-	-	-	1,480
Including security deposits given		-	-	-	-	-	
Other non offset assets	1,903,377	-	1,903,377	-	-	-	1,903,377
TOTAL ASSETS	9,375,067	-	9,375,067	565,959	133,307	-	8,675,801

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

	31/12/2024						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets 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
(€ '000s)				Financial instrument	Collateral paid		
Financial instruments at fair value through profit or loss	524,367	-	524,367	440,553	55,670	68,574	(40,430)
Of which derivative financial instruments (including hedging derivatives)	524,367	-	524,367	440,553	55,670	68,574	(40,430)
Loans and receivables from credit institutions and customers	211,737	-	211,737	-	-	-	211,737
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	9,883,053	-	9,883,053	-	-	-	9,883,053
TOTAL LIABILITIES	10,619,157	-	10,619,157	440,553	55,670	68,574	10,054,359

	31/12/2023						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross amounts of recognised financial assets 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
En milliers d'euros				Financial instrument	Collateral paid		
Financial instruments at fair value through profit or loss	683,826	-	683,826	565,959	103,784	61,217	(47,134)
Of which derivative financial instruments (including hedging derivatives)	683,826	-	683,826	565,959	103,784	61,217	(47,134)
Loans and receivables from credit institutions and customers	133,307	-	133,307	-	-	-	133,307
Of wich repurchase agreements	-	-	-	-	-	-	-
Other non offset liabilities	8,349,799	-	8,349,799	-	-	-	8,349,799
TOTAL LIABILITIES	9,166,931	-	9,166,931	565,959	103,784	61,217	8,435,971

PORTFOLIO

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

Fixed-income securities - Analysis by nature

(€ '000s)	31/12/2024	31/12/2023
Government paper and similar securities	615,439	495,891
Bonds	147,920	95,604
Other fixed income securities		
Net amount in balance sheet	763,359	591,496
Including depreciation	(531)	(413)
Including net unrealised gains and losses	(31,995)	(40,073)

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2023	(413)	-	-	-
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	(118)	-	-	-
Acquisitions	(113)			
Re-estimate of parameters	(43)			
Bad debts written off				
On sales	37			
Expected losses as of 31st of December 2024	(531)	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	31/12/2024	31/12/2023
Local public sector	506,094	409,455
Financial institutions and other financial corporations	256,277	182,041
Non-financial corporations	988	-
Net amount in balance sheet	763,359	591,496

Fixed income securities held on Financial institutions include €69,479K 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 31/12/2023	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 31/12/2024
Government paper and similar securities	495,891	481,353	(370,492)	(454)	5,569	1,379	2,194	615,439
Bonds	95,604	97,110	(47,874)		2,409	365	306	147,920
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	591,496	578,463	(418,366)	(454)	7,977	1,744	2,500	763,359

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	31/12/2024	31/12/2023
Government paper and similar securities	458,242	322,052
Bonds	7,181	7,149
Other fixed income securities		
Net amount in balance sheet	465,424	329,201
Including expected credit losses on debt instruments	(494)	(326)

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 2023	(326)	-	-	-
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	(168)	-	-	-
Acquisitions	(218)			
Re-estimate of parameters	(17)			
Bad debts written off				
On sales	67			
Expected losses as of 31st of December 2024	(494)	-	-	-

Fixed-income securities - Analysis by contreparty

(€ '000s)	31/12/2024	31/12/2023
Local public sector	228,346	175,107
Financial institutions and other financial corporations	207,308	154,093
Non-financial corporations	29,769	
Net amount in balance sheet	465,424	329,201

Fixed income securities held on Financial institutions include €216,881K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

(€ '000s)	Total amount as of 31/12/2023	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of 31/12/2024
Government paper and similar securities	322,052	210,626	(82,375)	1,257	4,795	685	1,370.2	(169)	458,242
Bonds	7,149	-	-	(157)	225	(2)	(33)	0.1	7,181
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	329,201	210,626	(82,375)	1,101	5,020	683	1,337	(168)	465,424

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	31/12/2024	31/12/2023
Mandatory reserve deposits with central banks	485,873	975,186
Other deposits		
Cash and central banks	485,873	975,186
Impairment	(30)	(56)
Net amount in balance sheet	485,842	975,130

Receivables on credit institutions

(€ '000s)	31/12/2024	31/12/2023
Loans and receivables		
- on demand and short notice	134,383	10,836
- term	60,440	60,692
Cash collateral paid	55,670	103,784
Securities bought under repurchase agreements		
TOTAL	250,493	175,312
Impairment for expected losses	(25)	(19)
NET CARRYING AMOUNT	250,468	175,293

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	31/12/2024	31/12/2023
Short-term credit facilities	64,148	79,647
Other loans	8,183,627	6,497,162
Customers transactions before impairment charges	8,247,775	6,576,809
Impairment	(446)	(329)
Net carrying amount	8,247,330	6,576,479
Of which individual impairment	(446)	(329)
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 2023	(309)	(96)	-	-
Transfers from 12-month to maturity	(1)	1		
Transfers from maturity to 12-month				
Transfers from expected to incurred losses				
Total transfer movement	(1)	1	-	-
Movement attributable to financial instruments recognized over the period	(91)	(6)	-	-
Production and acquisition	(109)	(5)		
Re-estimate of parameters	(7)	(1)		
Bad debts written off				
Repayments	24	0.2		
Expected losses as of 31st of December 2024	(401)	(100)	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2023	Depreciation charges	Reversals amounts not used	Net charge	Utilised	31/12/2024
Financial assets at fair value through other comprehensive income						
Depreciations on performing assets	413	155	(37)	118		531
Depreciations on non-performing assets	-					-
Depreciations on doubtfull assets	-					-
Total	413	155	(37)	118		531
Financial assets at amortized cost						
Depreciations on performing assets	635	350	(90)	261		896
Depreciations on non-performing assets	94	6	(1)	5		99
Depreciations on doubtfull assets	-					-
Total	730	356	(91)	265		995

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	485,873			(30)			485,842
Financial assets at fair value through other comprehensive income	763,890			(531)			763,359
Securities at amortized cost	465,918			(494)			465,424
Loans and receivables due from credit institutions at amortized cost	250,493			(25)			250,468
Loans and receivables due from customers at amortized cost	8,132,567	115,208	-	(346)	(99)	-	8,247,330

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	31/12/2024	31/12/2023
Net asset as at 1st of january	4,222	6,175
Of which deferred tax assets	4,609	6,641
Of which deferred tax liabilities	387	467
Recognised in income statement	(1,278)	(1,593)
Income statement (charge) / credit	(1,278)	(1,593)
Recognised in equity	(211)	(360)
Financial assets at fair value through other comprehensive income	1,067	487
Cash flow hedges	(1,277)	(847)
Other		
Net asset as at	2,734	4,222
Of which deferred tax assets	4,354	4,609
Of which deferred tax liabilities	1,621	387

Deferred tax are attributable to the following items:

(€ '000s)	31/12/2024	31/12/2023
Financial assets at fair value through other comprehensive income	2,245	1,179
Cash flow hedges		309
Losses carried forward	2,109	3,121
Other temporary differences		
TOTAL DEFERRED TAX ASSETS	4,354	4,609

(€ '000s)	31/12/2024	31/12/2023
Financial assets at fair value through other comprehensive income		
Cash flow hedges	968	
Other temporary differences	653	387
TOTAL DEFERRED TAX LIABILITIES	1,621	387

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	31/12/2024	31/12/2023
Other assets		
Deposits	2,487	453
Other assets	892	546
Impairment		
Total	3,379	1,000
Accruals		
Prepaid charges	868	257
Other deferred income	12	
Transaction to recieve and settlement accounts		
Other accruals	163	224
Total	1,043	480
TOTAL OTHER ASSETS AND ACCRUALS	4,422	1,480

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2023	Additions	Transfers	Disposals	Amort. and provisions	Other	31/12/2024
Intangible fixed assets							
IT development costs	12,930	546				58	13,534
Other intangible assets	163						163
Intangible assets in progress	134					(58)	76
Intangible fixed assets gross amount	13,227	546	-	-	-	-	13,773
Depreciation and allowances - Intangible fixed assets	(11,247)				(1,030)		(12,277)
Intangible fixed assets net carrying amount	1,980	546	-	-	(1,030)	-	1,496

Tangible fixed assets	31/12/2023	Additions	Disposals	Amort. and provisions	Other	31/12/2024
Commercial leases	1,347					1,347
Property, plant & equipment	490	10,050	(24)			10,516
Tangible fixed assets gross amount	1,837	10,050	(24)	-	-	11,863
Depreciation and allowances - Tangible fixed assets	(875)		23	(222)		(1,075)
Tangible fixed assets net carrying amount	961	10,050	(1)	(222)	-	10,788

Note 10 - DEBT SECURITIES

(€ '000s)	31/12/2024	31/12/2023
Negotiable debt securities	99,654	385,077
Bonds	9,718,323	7,877,115
Other debt securities		
TOTAL	9,817,977	8,262,191

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)	31/12/2024	31/12/2023
Loans and receivables		
- on demand and short notice	0.2	0.004
- term		
Cash collateral paid	211,736	133,307
Securities bought under repurchase agreements		
TOTAL	211,737	133,307

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)	31/12/2024	31/12/2023
Other liabilities		
Miscellaneous creditors	3,668	3,044
Total	3,668	3,044
Accruals		
Transaction to pay and settlement accounts	10	290
Other accrued expenses	2,062	1,950
Unearned income		
Other accruals	25	28
Total	2,097	2,268
TOTAL ACCRUALS AND OTHER LIABILITIES	5,765	5,312

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2023	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 31/12/2024
Provisions						
Financing commitment execution risks	15	10		(16)		10
Provisions for litigations						
Provisions for employee retirement and similar benefits	124	25			3	152
Provisions for other liabilities to employees						
Other provisions						
TOTAL	139	35	-	(16)	3	162

Note 14 - UNDATED FINANCIAL INSTRUMENTS

(€ '000s)	Issue date	Interest rate	Amount	Currency	31/12/2024	31/12/2023
Agence France Locale	17-Dec.-2024	7%	50,000	EUR	49,441	

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

(€ '000s)	31/12/2024	31/12/2023
UNDATED DEEPLY SUBORDINATED NOTES		
Interests paid accounted as reserves		
Changes in nominal amounts	50,000	
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves	(559)	
Other		
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)	31/12/2024	31/12/2023
Commitments given	613,459	893,312
Financing commitments	544,884	832,095
For credit institutions		
For customers	*544,884*	*832,095*
Guarantee commitments	68,574	61,217
For credit institutions		
For customers	*68,574*	*61,217*
Commitments on securities		
Securities to be delivered to the issuance		
Other securities to be delivered		
Commitments received	1,691	1,827
Financing commitments		
From credit institutions		
Guarantee commitments	1,691	1,827
From credit institutions		
From customers	*1,691*	*1,827*
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 2023	15	-	-	-
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	(6)			
Charge	10			
Utilised				
Reversal untilised	(16)			
Expected losses as of 31st of December 2024	10	-	-	-

VI - Notes to the Income Statement

Note 15 - INTEREST INCOME AND EXPENSES

(€ '000s)	31/12/2024	31/12/2023
Interest and similar income	457,728	335,866
Due from banks	55,560	50,237
Due from customers	298,968	202,606
Bonds and other fixed income securities	47,199	37,575
Financial assets at fair value through other comprehensive income	*30,405*	*26,228*
Securities at amortized cost	*16,795*	*11,347*
Debt securities		
Macro-hedge transactions	46,439	33,616
Other interest income	9,561	11,833
Interest and similar expenses	(433,783)	(311,748)
Due to banks	(4,571)	(3,215)
Debt securities	(396,345)	(282,028)
Macro-hedge transactions	(23,318)	(14,656)
Other interest expenses	(9,549)	(11,850)
Interest margin	23,945	24,118

Note 16 - NET FEE AND COMMISSION INCOME

(€ '000s)	31/12/2024	31/12/2023
Fee & Commission Income	441	274
Interbank transactions		
Customer transactions		
Securities transactions		
Forward financial instruments transactions		
Currencies transactions		
Financing commitments and guarantee	441	274
Other commissions recieved		
Fee & Commission Expense	(215)	(176)
Interbank transactions	(42)	(22)
Securities transactions		
Forward financial instruments transactions	(172)	(154)
Currencies transactions		
Financing commitments and guarantee		
Other commissions paid		
Net Fee and Commission income	227	98

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

(€ '000s)	31/12/2024	31/12/2023
Gains/(losses) on Trading book	(1)	16
Net result of hedge accounting	(749)	4,043
Net result of foreign exchange transactions	3	11
TOTAL	(747)	4,071

Analysis of net result of hedge accounting

(€ '000s)	31/12/2024	31/12/2023
Fair value hedges		
Fair value changes in the hedged item attributable to the hedged risk	(47,665)	(35,543)
Fair value changes in the hedging derivatives	46,863	34,988
Hedging relationship disposal gain	44	5,613
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	23,043	49,087
Fair value changes in the hedging derivatives	(23,034)	(50,102)
Net result of hedge accounting	(749)	4,043

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

(€ '000s)	31/12/2024	31/12/2023
Gains from disposal of fixed income securities	471	718
Losses from disposal of fixed income securities	(10)	(5,791)
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	461	(5,073)

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	31/12/2024	31/12/2023
Employee expenses		
Wages and salaries	4,751	4,795
Post-employment benefit expenses	450	451
Other expenses	2,051	2,097
Total Employee expenses	7,252	7,343
Operating expenses		
Taxes and duties	517	1,364
External services	7,216	5,970
Total Administrative expenses	7,734	7,334
Charge-backs and reclassification of administrative expenses	(170)	(164)
Total General operating expenses	14,816	14,513

Note 20 - COST OF RISK

(€ '000s)	31/12/2024	31/12/2023
Net charge to provisions	(383)	116
for financial assets at fair value through other comprehensive income	*(118)*	*115*
for financial assets at amortized cost	*(265)*	*1*
Net charge to provisions	6	1
for financing commitments	*6*	*1*
for guarantee commitments		
Irrecoverable loans written off not covered by provisions		
Recoveries of bad debts written off		
Total Cost of risk	(378)	117

Note 21 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	31/12/2024	31/12/2023
Gains on sales of Investment securities		
Gains on sales of tangible or intangible assets		1
Reversal of impairment		
Total Gains on other assets	-	1
Losses on sales of Investment securities		
Losses on sales of tangible or intangible assets	(1)	(1)
Charge of impairment		
Total Losses on other assets	(1)	(1)

Note 22 - INCOME TAX

(€ '000s)	31/12/2024	31/12/2023
Expense and income of current tax	(772)	(406)
Expense and income of differed tax	(1,278)	(1,593)
Ajustement on previous period		
Total Income tax	(2,049)	(1,999)

Note 23 - EXTERNAL AUDITOR FEES

	Caillau Dedouit et Associés		KPMG Audit	
	2024 (€ '000s)	2023 (€ '000s)	2024 (€ '000s)	2023 (€ '000s)
Audit				
Fees related to statutory audit, certification, examination of:				
AFL-Société Opérationelle	121	76	121	76
Sub-total	121	76	121	76
Other fees and benefits (*) :				
AFL-Société Opérationelle	22	40	22	74
Sub-total	22	40	22	74
TOTAL	144	116	144	150

(*) Other fees and benefits are related to issue prospectus audit, capital increases, reliance letter.

Note 24 - RELATED PARTIES

There are, on 31 December 2024, an agreement of administrative services and a licensing for the use of a mark, as well as a professional lease, which were concluded which have been concluded between Agence France Locale - Société térritoriale at normal market conditions.

Remuneration for Board of AFL and the CEO of the Territorial Company :

Members of AFL Board benefited from a payment in actions in conformance with the exercise 2024 and a compensation was settled because of termination of contract of employment. No other long-term advantage was granted to them.

Their Director's remunerations on the exercise 2024 were the following ones :

(€ '000s)	31/12/2024
Fixed remuneration	1,019
Variable remuneration	165
Payments in kind	24
Total	1,208

In addition, members of the AFL Supervisory Board received €191K attendance fees.

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:

	31/12/2024			
	Total	Measured using		
(€ '000s)		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	6,056	-	6,056	-
Hedging derivative instruments	676,072	-	676,072	-
Government paper and similar securities	615,439	531,130	-	84,309
Bonds	147,920	127,900	-	20,020
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	763,359	659,030	-	104,329
Total Financial assets	1,445,487	659,030	682,128	104,329
Financial liabilities				
Financial liabilities at fair value through profit or loss	6,054	-	6,054	-
Hedging derivative instruments	518,313	-	518,313	-
Total Financial liabilities	524,367	-	524,367	-

Fair values of instruments carried at amortised cost:

	31/12/2024				
	Net Carrying value	Fair value	Measured using		
(€ '000s)			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	485,842	485,842	-	-	485,842
Government paper and similar securities	458,242	452,736	328,074	-	124,662
Bonds	7,181	6,968	6,968	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	465,424	459,704	335,041	-	124,662
Loans and receivables due from credit institutions	250,468	250,468	-	-	250,468
Loans and advances to customers (*)	8,189,802	8,189,802	-	-	8,189,802
Total Financial assets	9,391,536	9,385,816	335,041	-	9,050,775
Financial liabilities					
Debt securities	9,817,977	9,590,329	8,037,172	1,453,157	100,000
Total Financial liabilities	9,817,977	9,590,329	8,037,172	1,453,157	100,000

(*) The fair value of loans and receivables to customers includes the outstanding capital and the revaluation in interest rates of the loans hedged on the closing date.

For Loans and receivables due from credit institutions, which are deposits, the fair value used was the nominal value.

B - Credit risk exposure

The tables below disclose the maximum exposure to credit risk at 31 December 2024 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

(€ '000s)	Performing assets	Past due but not impaired	Impairment allowance	Total 31/12/2024
Cash, central banks	485,873		(30)	485,842
Financial assets at fair value through profit or loss	6,056			6,056
Hedging derivative instruments	676,072			676,072
Financial assets at fair value through other comprehensive income	763,359			763,359
Securities at amortized cost	465,918		(494)	465,424
Loans and receivables due from credit institutions	250,493		(25)	250,468
Loans and advances to customers	8,247,775		(446)	8,247,330
Revaluation adjustment on interest rate hedged portfolios				-
Current tax assets				-
Other assets	3,379			3,379
Sub-total Assets	10,898,925	-	(995)	10,897,930
Financing commitments given	544,884			544,884
TOTAL Credit risk exposure	11,443,809	-	(995)	11,442,814

Exposure analysis by counterparty

(€ '000s)	Total 31/12/2024
Central banks	485,842
Local public sector	9,527,786
Credit institutions guaranteed by the EEA States	255,604
Credit institutions	1,140,749
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	30,757
Non-financial corporations	2,076
Total Exposure by counterparty	11,442,814

Agence France Locale's very cautious investment policy prefers securities issued by States and central governments, or ones that are guaranteed by such counterparties.
Credit institutions exposures primarily result from cash management and interest rates hedging transactions.

Exposure analysis by geographic area

(€ '000s)	Total 31/12/2024
France	10,592,228
Supranational	280,324
Canada	206,227
Belgium	85,363
Finland	69,254
New Zealand	52,683
Switzerland	39,866
Iceland	29,299
Netherlands	23,294
Sweden	13,722
Poland	13,436
South Korea	13,015
Denmark	12,154
Germany	11,952
Total Exposure by geographic area	11,442,814

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

(€ '000s)	Less than 3 month	3 month to 1 year	1 year to 5 years	more than 5 years	Total	Related receivables and payables	Revaluation	Total 31/12/2024
Cash, central banks	485,842				485,842			485,842
Financial assets at fair value through profit or loss		362	2,860	2,687	5,909	148		6,056
Hedging derivative instruments	5,379	12,954	48,714	601,256	668,303	7,769		676,072
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	47,276	44,408	354,249	191,904	637,836	5,514	(27,911)	615,439
Bonds			141,593	9,353	150,946	1,057	(4,084)	147,920
Total Financial assets at fair value through other comprehensive income	47,276	44,408	495,842	201,257	788,783	6,571	(31,995)	763,359
Securities at amortized cost								
Government paper and similar securities	8,847	13,004	111,483	331,693	465,027	3,403	(10,188)	458,242
Bonds			6,866		6,866	98	217	7,181
Total Securities at amortized cost	8,847	13,004	118,350	331,693	471,894	3,501	(9,971)	465,424
Loans and receivables due from credit institutions	189,572		60,000		249,572	895		250,468
Loans and advances to customers	218,685	581,807	2,404,043	5,344,721	8,549,256	24,854	(326,780)	8,247,330
Revaluation adjustment on interest rate hedged portfolios								-
Current tax assets								-
Other assets	3,379				3,379			3,379
TOTAL ASSETS								10,897,930

Central banks								-
Financial assets at fair value through profit or loss		362	2,861	2,687	5,910	144		6,054
Hedging derivative instruments	19	5,611	171,989	402,175	579,795	(61,481)		518,313
Debt securities	220,341	600,168	3,324,130	5,858,150	10,002,790	100,029	(284,841)	9,817,977
Due to credit institutions	211,737				211,737			211,737
Revaluation adjustment on interest rate hedged portfolios							57,527	57,527
Other liabilities	3,668				3,668			3,668
TOTAL LIABILITIES								10,615,276

Agence France Locale oversees the transformation of its balance sheet into liquidity by monitoring several indicators, including the difference in average maturity between assets and liabilities which is limited to 12 months, temporarily increased to 18 months, and limits in gaps.

D - Interest rate risk: sensitivity to interest rate changes

Exposure to interest rate risk relates to that of the Operational subsidiary, Agence France Locale.

Interest rate risk includes the risk that AFL will suffer losses due to unfavourable changes in interest rates due to all of its balance sheet and off-balance sheet transactions, in particular in the event of a mismatch between the interest rates generated by its assets and those arising from its liabilities. Interest rate risk includes the risk of refinancing an asset at a higher interest rate than the original interest rate, or the risk of replacing an asset at a lower rate than the original one. In both cases, in the event of a change in interest rates, there may be a negative impact on the net margin of interest that reduces AFL's income.

In order to maintain its financial base for the development of its lending activities, AFL has also set up a hedging policy for interest rate risks in order to limit the exposure of its balance sheet and the volatility of its revenues to unwanted market movements.

AFL's interest rate hedging policy consists of:

- a systematic micro-hedging of fixed-rate debt to be converted into floating-rate debt mainly indexed to the three-month Euribor reference using interest rate swaps;
- micro-hedging of loans contracted at a fixed or floating Euribor six-month or twelve-month rate to convert them into floating-rate loans indexed to the Euribor three-month reference, except for fixed-rate loans corresponding to a limited portion of the balance sheet at least equal to the re-use of prudential capital. The resulting exposure to interest rate risk is influenced by the sensitivity to AFL's net present value rate, which measures the impact of a predefined rate shock on the variation in discounted cash flows of all assets and liabilities on the AFL balance sheet; and
- a macro-hedging of fixed-rate loans that are small or whose depreciation profile is not linear.

The hedging strategy for interest rate risk translated into a notional outstanding amount of swaps of €19.1 billion at December 31, 2024.

Throughout 2024, the sensitivity of the AFL Group's net present value to the various rate variation scenarios remained below 15% of equity.

The table below shows interest rate risk in the banking book (IRRBB) excluding the trading book through changes in the economic value of equity and net interest income.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-6.96%	-6.93%	-0.17%	0.13%
2	Parallel down	9.26%	9.59%	0.29%	-0.16%
3	Steepener	-2.16%	-3.32%		
4	Flattener	1.08%	2.28%		
5	Short rates up	-1.13%	-0.02%		
6	Short rates down	1.56%	0.08%		

Currency risk covers the risk for the AFL Group through AFL of generating losses on capital borrowed or loaned in currencies other than the euro. AFL's policy aims to systematically hedge this risk by setting up currency micro-hedging swaps, also called cross currency swaps. Thus, assets and liabilities denominated in currencies other than the euro are systematically swapped into euros as soon as they are entered on the balance sheet and until their final maturity.

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2 avenue Gambetta
CS 60055
92066 Paris la Défense Cedex

Cailliau Dedouit et Associés

19 rue Clément Marot
75008

Agence France Locale S.A.

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2024
Agence France Locale S.A.
112 rue Garibaldi - 69006 Lyon

KPMG S.A.
Tour Eqho
2 avenue Gambetta
CS 60055
92066 Paris la Défense Cedex

Cailliau Dedouit et Associés

19 rue Clément Marot
75008

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Agence France Locale S.A.

112 rue Garibaldi - 69006 Lyon

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2024

To the annual general meeting of Agence France Locale,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Agence France Locale for the year ended 31st December 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31st December 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1st January 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments and in our professional judgment, we considered there was no key audit matters relating to risks of material misstatement to express in our report to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as auditors of Agence France Locale S.A. by your General Assembly on December 17, 2013.

As of December 31, 2024, the firms KPMG S.A. and Cailliau Dedouit et Associés were in the 11th year of their uninterrupted engagement, including ten years since the date on which the entity came within the scope of Public Interest Entities (PIEs) as defined by European legislation, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Cailliau Dedouit et Associés

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris la Défense, le 26 mars 2025	Paris, le 26 mars 2025
KPMG S.A.	Cailliau Dedouit et Associés

The statutory auditors

French original signed by

Sophie Meddouri Partner	Sandrine Le Mao

Consolidated Pillar III report

(AFL Group)

Agence France Locale

Pillar 3 at December 31, 2024

I. GENERAL PROVISIONS

The information contained in this document concerns "Agence France Locale - Société Territoriale" (LEI: 9695002K2HDLD20JU790) at the consolidated level as of December 31, 2024. Also, when AFL-ST is mentioned in the rest of the report, the AFL Group should be understood as a consolidated one.

The scope of consolidation consists of "Agence France Locale" (LEI: 969500NMI4UP00IO8G47), which is 99.9999% owned. In early 2024, "Agence France Locale" created "Agence France Locale – Foncière", a wholly owned and consolidated subsidiary to acquire a high-environmental-quality building undergoing rehabilitation. It will house AFL's headquarters from 2026.

The data are presented in euros and under IFRS.

The information presented complies with Commission Implementing Regulation (EU) 2021/637 of March 15, 2021 defining implementing technical standards for the publication, by institutions, of the information referred to in Titles II and III of the eighth part of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, known as "Pillar 3".

In accordance with Article 19 (4) of the aforementioned regulation, the numerical values are presented as follows:

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

II. SPECIAL PROVISIONS

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

Template EU OV1 - Overview of total risk exposure amounts

Data as of 31/12/2024 (T) and 31/12/2023 (T-1)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		T	T-1	T
1	Credit risk (excluding CCR)	298 664 245	1 486 475 279	23 893 140
2	Of which the standardised approach	298 664 245	1 486 475 279	23 893 140
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	38 379 016	30 281 600	3 070 321
7	Of which the standardised approach	32 294 656	23 659 013	2 583 572
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	11 500 039	11 707 521	920 003
EU 8b	Of which credit valuation adjustment - CVA	26 878 977	18 574 079	2 150 318
9	Of which other CCR	- 32 294 656	- 23 659 013	- 2 583 572
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	17 819 145	13 815 517	1 425 532
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	39 985 112	34 007 981	3 198 809
EU 23a	Of which basic indicator approach	39 985 112	34 007 981	3 198 809
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**394 847 518**	**1 564 580 377**	**31 587 801**

Template EU KM1 - Template for key indicators

		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	247 760 074	233 201 925	232 930 529	223 971 429	207 027 615
2	Tier 1 capital	247 760 074	233 201 925	232 930 529	223 971 429	207 027 615
3	Total capital	247 760 074	233 201 925	232 930 529	223 971 429	207 027 615
	Risk-weighted exposure amounts					
4	Total risk exposure amount	394 847 518	315 563 954	299 789 722	1 628 465 230	1 564 580 377
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	62,75%	73,90%	77,70%	13,75%	13,23%
6	Tier 1 ratio (%)	62,75%	73,90%	77,70%	13,75%	13,23%
7	Total capital ratio (%)	62,75%	73,90%	77,70%	13,75%	13,23%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1,25%	1,25%	1,25%	1,25%	1,25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,70%	0,70%	0,70%	0,70%	0,70%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,94%	0,94%	0,94%	0,94%	0,94%
EU 7d	Total SREP own funds requirements (%)	9,25%	9,25%	9,25%	9,25%	9,25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0,76%	0,75%	0,75%	0,52%	0,23%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3,26%	3,25%	3,25%	3,02%	2,73%
EU 11a	Overall capital requirements (%)	12,51%	12,50%	12,50%	12,27%	11,98%
12	CET1 available after meeting the total SREP own funds requirements (%)	53,50%	64,65%	68,45%	4,50%	3,98%
	Leverage ratio					
13	Total exposure measure	2 203 088 324	2 412 428 539	2 404 521 001	3 628 362 927	2 336 145 260
14	Leverage ratio (%)	11,25%	9,67%	9,69%	6,17%	8,86%
	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 (%)	3,00%	3,00%	3,00%	3,00%	3,00%
	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 (%)	3,00%	3,00%	3,00%	3,00%	3,00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 343 598 364	1 564 753 184	1 609 633 578	2 491 502 894	1 718 336 562
EU 16a	Cash outflows - Total weighted value	381 568 041	315 993 423	328 903 288	373 142 213	343 741 844
EU 16b	Cash inflows - Total weighted value	81 059 149	163 669 450	70 249 807	49 343 270	28 004 493
16	Total net cash outflows (adjusted value)	300 508 892	152 323 973	258 653 482	323 798 943	315 737 351
17	Liquidity coverage ratio (%)	447,11%	1027,25%	622,31%	769,46%	544,23%
	Net Stable Funding Ratio					
18	Total available stable funding	8 611 011 297	8 232 239 388,6600	8 033 302 123,5200	8 592 495 156,0600	6 795 291 422,4000
19	Total required stable funding	3 922 367 527	4 852 319 723,1300	4 691 693 667,0200	4 521 400 975,0000	2 934 955 300,2300
20	NSFR ratio (%)	219,54%	169,66%	171,22%	190,04%	231,53%

3

EU OVC table - ICAAP information

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

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

B. Publication of risk management objectives and policies

Table EU OVA - Institutional approach to risk management

Legal basis	Row number	
Article 435, paragraph 1, point f), of the CRR.	(a)	As of December 31, 2024 the AFL's financial risk situation is good: • Credit exposures are primarily related to loans granted to AFL's member local authorities. The average credit portfolio rating stands at 3.63, below 4.5. Over 2024, the average portfolio rating has slightly deteriorated. • Credit exposures also stem from sovereign-supra-agency exposures and, to a lesser extent, from banks linked to the liquidity reserve and interest rate hedging of the balance sheet. 79% of exposures are rated at least AA-. • In terms of liquidity risk, as of 12/31/2024, AFL's liquidity reserve amounts to €1.9 billion, with an NCRR ratio of 91%. In line with the risk appetite, the transformation – measured by the difference in the average duration of assets and liabilities – stands at 1.36. Consolidated regulatory indicators remain within their limits, with an LCR of 447% (30-day liquidity) and an NSFR of 220% (stable funding). • Regarding interest rate risk, the decrease in AFL's net present value due to interest rate changes never exceeds 15% (regulatory scenarios). The decline in AFL's net interest margin due to interest rate changes never falls below the regulatory limit of 5%. AFL has implemented a comprehensive framework aimed at mitigating operational risks. As of December 31, 2024, AFL's non-financial risk situation is adequate, though challenges remain, including adapting the

Legal basis	Row number	
		operational model to increased volumes and compliance projects in response to new regulatory requirements. • *In 2024, no significant incidents (i.e., with an impact exceeding €1 million) were recorded.* ***In terms of capitalization:*** • *The solvency ratio stands at 63%.* • *The banking leverage ratio is 2.31%.* *Risk appetite is detailed in section V.1 of the annual report and risk exposure in section V.2.*
Article 435, paragraph 1, point b), of the CRR.	*(b)*	*Information on the risk governance structure for each type of risk:* *See section V.4 of the annual report*
Article 435, paragraph 1, point e), of the CRR.	*(c)*	*Statement approved by the management body on the adequacy of the risk management systems:* *On 26 March 2025, the Management Board, the AFL Supervisory Board and the AFL-ST Board of Directors certified the adequacy of the AFL Group's risk management system and ensured that the risk management systems put in place since AFL's creation are appropriate in view of the Group's risk profile and strategy.*
Article 435, paragraph 1, point c), of the CRR.	*(d)*	*Publication of the scope and nature of risk reporting and/or assessment systems:* *The Global Risk Committee oversees all AFL risks, in terms of volume and in kind. It monitors and manages the institution's risk measurement, monitoring and management systems.* *It periodically analyzes and measures the risks incurred by AFL and assesses the level of control by AFL, in a cross-functional and prospective manner. It defines the scope of its monitoring and the frequency of monitoring of each of the risks it has identified.* *It has the measurement and control systems adapted to changes in risks, through action plans, the implementation of which it monitors. It ensures the existence of an appropriate system of limits and updates them, ensures compliance with existing limits and their periodic review.* *Risks are monitored using internal and regulatory indicators published at a frequency appropriate to the nature of the risk; these indicators are produced by the Commitments and Risk Department or by operational staff and controlled by the CRD. Non-financial risk indicators are mainly based on expert opinions by operational staff and the Commitments and Risk Department.* *The measurement of credit risk on local authorities is based on a rating model implemented by AFL since its creation. Each local authority is assessed by the AFL Commitments Division, which relies on the rating model. The rating[1] corresponds to an assessment of*

[1] The score assigned to the local authorities follows a grid ranging from 1 (best score) to 7.

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

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

Table EU OVB - Disclosure of information on governance arrangements

Legal basis	Row number	
Article 435, paragraph 2, point a), of the CRR.	*(a)*	*Number of positions held by members of the management body:* • *For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.* • *For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.*
Article 435, paragraph 2, point b), of the CRR.	*(b)*	*Information concerning the recruitment policy for the selection of members of the management body as well as their knowledge, skills and expertise:* • *For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.* • *For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.*
Article 435, paragraph 2, point c), of the CRR.	*(c)*	*Information on the diversity policy applicable to the selection of members of the management body :* • *For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.* • *For AFL-ST, this information is detailed in the AFL-ST Board of Directors' report on corporate governance.*
Article 435, paragraph 2, point d), of the CRR.	*(d)*	*Information on whether the institution has set up a separate Risk Committee, and the frequency of its meetings:* *AFL has established a Risk Committee, while AFL-ST has set up an Audit and Risk Committee.* • *For AFL, information relating to this Committee is detailed in the AFL Supervisory Board report on corporate governance.* • *For AFL-ST, information relating to this Committee is detailed in the AFL-ST Board of Directors' report on corporate governance.*
Article 435, paragraph 2, point e), of the CRR.	*(e)*	*Description of the flow of information on risks to the management body:* • *The Global Risk Committee aims to provide the Management Board with an aggregated and forward-looking view of all the risks incurred by the AFL Group.* • *The Committee meets at least quarterly, and covers all risks borne by the two legal entities; AFL and AFL-ST.* • *An annual update on the AFL Group's risk situation is made by the Management Board to the AFL Supervisory Board and its Risk Committee.* • *An annual update on the AFL Group's risk situation is provided to the AFL-ST Board of Directors and its Audit and Risk Committee.* • *This information is detailed in the AFL corporate governance report for the AFL Audit and Risk Committee and in the AFL-ST corporate governance report for AFL-ST's Audit and Risk Committee.*

C. Publication of scope

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

		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset clases according to the balance sheet in the published financial statements							
1	Cash, central banks	485 842 487		485 842 487				
2	Financial assets at fair value through profit or loss	6 056 299			6 056 299			
3	Hedging derivative instruments	676 071 759			676 071 759			
4	Financial assets at fair value through other comprehensive income	763 358 797		763 358 797				
5	Securities at amortized cost	472 126 518		472 126 518				
6	Loans and receivables due from credit institutions and similar items at amortized cost	251 885 086		251 885 086				
7	Loans and receivables due from customers at amortized cost	8 247 329 658		8 247 329 658				
8	Revaluation adjustment on interest rate risk-hedged portfolios	-		-				
9	Current tax assets	-		-				
10	Deferred tax assets	4 365 614		2 245 096				2 120 518
11	Accruals and other assets	4 270 452		4 270 452				
12	Intangible assets	1 513 156						1 513 156
13	Property, plant and equipment	12 380 406		12 380 406				
14	Goodwill							
15	**Total assets**	**10 925 200 231**		**10 239 438 500**	**682 128 058**	-	-	**3 633 674**
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Central banks	-		-				
2	Financial liabilities at fair value through profit or loss	6 053 792			6 053 792			
3	Hedging derivative instruments	518 313 446			518 313 446			
4	Debt securities	9 817 977 155						
5	Due to credit institutions	211 736 540		211 736 540				
6	Deferred tax liabilities	1 620 160						
7	Accruals and other liabilities	4 443 073		4 443 073				
8	Provisions	162 103		162 103				
9	Equity	307 005 330						
10	Equity, Group share	307 005 230						
11	Share capital and reserves	264 976 700						
12	Consolidated reserves	39 922 243						39 922 243
13	Reevaluation reserve	-						
14	Gains and losses recognised directly in equity	- 3 300 683						- 3 300 683
15	Profit (loss) for the period	5 406 969						5 406 969
16	Non-controlling interests	100						
17	**Total liabilities**	**10 925 200 232**		**216 341 716**	**524 367 238**	-	-	**42 028 530**

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

		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	10 921 566 557	10 239 438 500	-	682 128 058	-
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	10 883 171 702	216 341 716	-	524 367 238	-
3	**Total net amount under the scope of prudential consolidation**	10 180 857 603	10 023 096 783	-	157 760 820	-
4	**Off-balance-sheet amounts**	544 884 414	544 884 414	-	-	
5	*Differences in valuations*	-	-	-	-	
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	
7	*Differences due to consideration of provisions*	-	-	-	-	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	-	-	-	-	
9	*Differences due to credit conversion factors*	- 36 079 015	- 36 079 015	-	-	
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	
11	*Other differences*	- 22 223 537	- 9 153 296	-	- 13 070 241	
12	**Exposure amounts considered for regulatory purposes**	**10 667 439 465**	**10 522 748 886**	-	**144 690 579**	-

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

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

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

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

Table EU LIB - Other qualitative information on the scope

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

Legal basis	*Row number*	
		There are no subsidiaries not included in the consolidation.

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

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

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

D. Disclosure of equity capital information

AFL-ST only holds Common Equity Tier 1 (CET1) equity capital. In December 2024, AFL issued super-subordinated debt securities intended to qualify as Additional Tier 1 (AT1) capital, with a nominal amount of 50 million euros, aimed at supporting the implementation of its business plan while strengthening its equity capital base. These instruments will become eligible as Additional Tier 1 capital once AFL, which currently benefits from an exemption under Article 7 of Regulation (EU) No. 575/2013, as amended notably by Regulation (EU) 2019/876 (hereinafter the 'CRR Regulation'), is supervised both at AFL Group level and at the credit institution level.

As of December 31, 2024, AFL-ST did not include the profit(loss) for the period in the calculation of its prudential capital.

Template EU CC1 - Composition of regulatory equity capital

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	264 976 800	a
	of which: Instrument type 1	264 976 800	
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	- 9 505 488	b
3	Accumulated other comprehensive income (and other reserves)	- 3 314 205	c
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**252 157 107**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	- 763 359	
8	Intangible assets (net of related tax liability) (negative amount)	- 1 513 156	d
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	- 2 120 518	e1
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	e2
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	- 4 397 033	d+e1+e2
29	**Common Equity Tier 1 (CET1) capital**	**247 760 074**	a+b+c+d+e1+e2

	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	264 976 800	a
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	f
45	**Tier 1 capital (T1 = CET1 + AT1)**	**247 760 074**	a+b+c+d+e+f
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	-	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	-	g
59	**Total capital (TC = T1 + T2)**	**247 760 074**	a+b+c+d+e+f+g
60	**Total Risk exposure amount**	**394 847 518**	

	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	62,75%	
62	Tier 1 capital	62,75%	
63	Total capital	62,75%	
64	Institution CET1 overall capital requirements	8,46%	
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical capital buffer requirement	0,76%	
67	of which: systemic risk buffer requirement	0,00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0,70%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	54,29%	
	National minima (if different from Basel III)		
69	Not applicable		
70	Not applicable		
71	Not applicable		
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17,65% thresholds and net of eligible short positions)	-	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	3 877 054	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

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

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*			
1	Cash, central banks	485 842 487		
2	Financial assets at fair value through profit or loss	6 056 299		
3	Hedging derivative instruments	676 071 759		
4	Financial assets at fair value through other comprehensive income	763 358 797		
5	Securities at amortized cost	472 126 518		
6	Loans and receivables due from credit institutions and similar items at amortized cost	251 885 086		
7	Loans and receivables due from customers at amortized cost	8 247 329 658		
8	Revaluation adjustment on interest rate risk-hedged portfolios	-		
9	Current tax assets	-		
10	Deferred tax assets	4 365 614		e1+e2
11	Accruals and other assets	4 270 452		
12	Intangible assets	1 513 156		d
13	Property, plant and equipment	12 380 406		
14	Goodwill	-		
15	**Total assets**	**10 925 200 231**		
	Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*			
1	Central banks	-		
2	Financial liabilities at fair value through profit or loss	6 053 792		
3	Hedging derivative instruments	575 840 846		
4	Debt securities	9 817 977 155		
5	Due to credit institutions	211 736 540		
6	Deferred tax liabilities	1 620 160		
7	Accruals and other liabilities	4 804 307		
8	Provisions	162 103		
9	**Total liabilities**	**10 618 194 902**		
	Shareholders' Equity			
1	Share capital and reserves	264 976 700		a
2	Consolidated reserves	39 922 243		b
3	Reevaluation reserve	-		
4	Gains and losses recognised directly in equity	- 3 300 683		c
5	Profit (loss) for the period	5 406 969		
6	**Total shareholders' equity**	**307 005 330**		

Since its creation, Agence France Locale – Société Territoriale has issued only ordinary shares. However, in December 2024, it issued super-subordinated debt securities (Additional Tier 1) for the first time, with a nominal amount of 50 million euros, aimed at strengthening its capital. These instruments will qualify as Tier 1 capital once AFL is supervised both at the group and credit institution levels. As such, it is not affected by the publication of the information in table EU CCA - Main characteristics of regulatory equity capital instruments and eligible liabilities.

E. Disclosure of countercyclical equity capital buffer information

As of December 31, 2024, AFL holds relevant (according to CCyB) exposures towards counterparties located in three countries. Out of these three countries only France is applying a countercyclical capital buffer, of 1.00%.

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

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**													
1	Canada	58 759 292						470 074			470 074		17,85%	0,00%
2	France	73 598 212						2 007 700			2 007 700		76,23%	1,00%
3	New Zealand	19 475 077						155 801			155 801		5,92%	0,00%
020	Total	151 832 581	-	-	-	-	151 832 581	2 633 575	-	-	2 633 575	32 919 682	100,00%	

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

		a
1	Total risk exposure amount	394 847 518
2	Institution specific countercyclical capital buffer rate	0,0076
3	Institution specific countercyclical capital buffer requirement	3 000 841

F. Disclosure of leverage ratio information

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

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

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

Data as of 31/12/2024		a
		Applicable amount
1	Total assets as per published financial statements	10 937 348 129
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	- 12 147 896
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks **(if applicable))**	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment **for derivative financial instruments**	12 937 476
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	410 721 922
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	- 9 145 771 307
13	**Total exposure measure**	**2 203 088 324**

Model EU LR2 - LRCom: Leverage ratio - joint declaration

Data as of 31/12/2024 (T) and 31/12/2023 (T-1)		CRR leverage ratio exposures	
		a	b
		T	T-1
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	10 126 610 360	8 476 341 254
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 1 513 156	- 1 980 423
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**10 125 097 204**	**8 474 360 831**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	94 572 362	40 164 474
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	75 603 071	170 505 956
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**170 175 433**	**210 670 430**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	541 499 891	832 413 167
20	(Adjustments for conversion to credit equivalent amounts)	- 130 777 969	- 256 465 435
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**410 721 922**	**575 947 732**

Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	- 8 502 906 235	- 6 924 833 733
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**- 8 502 906 235**	**- 6 924 833 733**
Capital and total exposure measure			
23	Tier 1 capital	247 760 074	207 027 615
24	**Total exposure measure**	**2 203 088 324**	**2 336 145 260**
Leverage ratio			
25	Leverage ratio (%)	11,25%	8,86%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	2,31%	2,24%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	11,25%	8,86%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3,00%	3,00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	NA	NA
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 203 088 324	2 336 145 260
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 203 088 324	2 336 145 260
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,25%	8,86%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,25%	8,86%

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

	Data as of 31/12/2024 (T)	a CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**2 001 731 555**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	2 001 731 555
EU-4	Covered bonds	104 786 122
EU-5	Exposures treated as sovereigns	975 519 720
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	517 319 488
EU-7	Institutions	355 546 610
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	30 756 737
EU-11	Exposures in default	-
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	17 802 879

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

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

G. Disclosure of global systemically important indicators

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

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

H. Disclosure of liquidity requirements

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

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**1 666 774 769**	**1 698 261 569**	**2 052 943 536**	**2 515 951 636**
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	176 545 282	240 770 904	549 480 182	232 008 516	176 545 282	240 770 904	549 480 182	232 008 516
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
8	Unsecured debt	176 545 282	240 770 904	549 480 182	232 008 516	176 545 282	240 770 904	549 480 182	232 008 516
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	676 382 797	713 761 169	739 451 737	770 844 143	173 174 248	101 808 579	111 076 147	109 916 993
11	Outflows related to derivative exposures and other collateral requirements	117 262 187	33 813 847	41 256 637	36 480 643	117 262 187	33 813 847	41 256 637	36 480 643
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	559 120 610	679 947 322	698 195 100	734 363 500	55 912 061	67 994 732	69 819 510	73 436 350
14	Other contractual funding obligations	8 612 811	17 486 567	2 787 602	25 251 427	7 602 811	16 476 567	1 777 602	24 241 427
15	Other contingent funding obligations	206 570 086	66 768 088	103 017 532	35 585 266	206 570 086	66 768 088	103 017 532	35 585 266
16	TOTAL CASH OUTFLOWS					**563 892 428**	**425 824 138**	**765 351 463**	**401 752 203**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	197 339 846	171 131 572	164 331 017	124 401 089	75 955 022	61 868 868	62 236 525	44 130 898
19	Other cash inflows	248 762 842	92 394 954	245 817 042	83 541 359	248 762 842	92 394 954	245 817 042	83 541 359
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	**189 486 513**	**108 120 078**	**335 024 568**	**139 881 400**	**154 593 173**	**78 173 475**	**307 923 897**	**116 532 264**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	446 102 688	263 526 526	410 148 059	207 942 448	324 717 864	154 263 822	308 053 566	127 672 257
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					1 666 774 769	1 698 261 569	2 052 943 536	2 515 951 636
22	TOTAL NET CASH OUTFLOWS					332 555 810	271 560 316	457 297 896	274 079 946
23	LIQUIDITY COVERAGE RATIO					713,19%	760,53%	533,20%	1073,62%

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

Row number	Topics	
(a)	*Explanations concerning the main factors behind the results of the liquidity coverage ratio (LCR) calculation and the evolution over time of the contribution of the input data to the LCR calculation.*	*Explanations concerning the main factors behind the results of the liquidity coverage ratio (LCR) calculation and the evolution over time of the contribution of the input data to the LCR calculation:* *In line with the risk appetite framework validated by the AFL-ST Board of Directors and the AFL Supervisory Board, the AFL Group must hold a liquidity reserve to cover 100% of its 1-year liquidity needs, with a range of 80%-125%.* *Coupled with a prudent investment policy, favoring the sovereign and sub-sovereign sector classified as HQLA1 and 2A, AFL's LCR is still well above regulatory limits.*
(b)	*Explanations concerning changes in the LCR ratio over time.*	*Explanations concerning changes in the LCR ratio over time:* *The variability of the ratio is mainly due to two factors: bond debt repayments and loan disbursements. As loans to local authorities are seasonal in nature, they are concentrated in the last quarter of the year.*
€	*Explanations concerning the actual concentration of funding sources.*	*Explanations concerning the actual concentration of funding sources:* *AFL's sole source of stable funding is the bond market. AFL issues on different maturities, in different forms (benchmark, private placements) and in different currencies in order to broaden its investor base as much as possible, by category and geographical area.*
(d)	*High-level description of the composition of the institution's liquidity buffer.*	*High-level description of the composition of the institution's liquidity buffer:* *AFL's liquidity reserve comprises more than 70% of High-Quality Liquid Assets (HQLA), mainly consisting of securities issued by sovereign entities, agencies, or supranational institutions. These exposures have a minimum rating of A- according to Standard & Poor's rating scale. This reserve is calibrated to cover 12 months of activity.* *Within this cushion, a minimum amount of liquidity in the current account with the Banque de France is defined in order to secure in advance the redemption of future medium- to long-term issues.*
€	*Derivative exposures and potential collateral calls.*	*Derivative exposures and potential collateral calls:* *AFL hedges almost all of its statement of financial position (assets and liabilities) against interest rate risk. The notional amount of hedging derivatives is equivalent to twice the size of the statement of financial position. The residual position is broadly balanced. Potential security calls are made daily and on the first euro.*

Row number	Topics	
(f)	*Currency mismatch in the LCR ratio.*	*Currency mismatch in the LCR ratio:* *AFL manages a statement of financial position in euros. Issues and reserve securities that are not denominated in euros are systematically asset-swapped, so that no residual foreign exchange position remains (excluding ineffective hedges).*
(g)	*Other items of the LCR ratio calculation not taken into account in the LCR disclosure model but that the institution considers relevant for its liquidity profile.*	*Other items of the LCR ratio calculation not taken into account in the LCR disclosure model but that the institution considers relevant for its liquidity profile:* *No additional information is relevant*

Model EU LIQ2: net stable funding ratio

	Data as of 31/12/2024	a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
	(in currency amount)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	250 787 689	-	-	-	250 787 689
2	*Own funds*	250 787 689	-	-	-	250 787 689
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		500 103 832	-	8 363 251 223	8 363 251 223
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		500 103 832	-	8 363 251 223	8 363 251 223
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	**80 845**	6 225 336	-	-	-
12	*NSFR derivative liabilities*	80 845				
13	*All other liabilities and capital instruments not included in the above categories*		6 225 336	-	-	-
14	**Total available stable funding (ASF)**					**8 611 011 297**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		170 044 329	-	-	85 022 165
17	Performing loans and securities:		392 810 576	51 147 715	5 486 565 037	3 800 778 881
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		352 810 576	51 147 715	5 423 902 726	3 727 515 917
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		352 810 576	51 147 715	5 423 902 726	3 727 515 917
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		40 000 000	-	62 662 311	73 262 964
25	Interdependent assets		-	-	-	-
26	Other assets:					
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		55 500 336			2 775 017
31	*All other assets not included in the above categories*		1 814 517	-	22 168 392	22 168 392
32	Off-balance sheet items		172 867 420	14 182 031	45 411 985	11 623 072
33	**Total RSF**					**3 922 367 527**
34	**Net Stable Funding Ratio (%)**					219,54%

24

Table EU LIQA - Liquidity risk management

Row number	Topics	
(a)	Liquidity risk management strategies and processes, including policies to diversify the sources and duration of planned financing.	AFL has a particularly conservative liquidity policy. AFL's financial strategy in terms of liquidity is based on three areas, the purpose of which is to limit the three components of liquidity risk: illiquidity risk, financing risk and liquidity transformation risk: A. The establishment of a significant liquidity reserve. • AFL has a liquidity reserve at its disposal at all times, the size of which represents one year of activity. The tool used to measure this objective is the NCRR (or "Net Cash Requirement Ratio"), which makes it possible to verify that the reserve of liquid assets makes it possible to meet 100% of its foreseeable needs over a rolling 12-month horizon with a range of 80% to 125%. • In order to secure the repayment of future medium- and long-term issues three months in advance, AFL undertakes to hold an amount of cash in its Banque de France account corresponding to the debt repayments for the period net of certain cash inflows. • At the same time, the regulatory LCR ratio must be respected ("Liquidity Coverage Ratio"); this makes it possible to verify that the AFL reserve enables it to meet its liquidity requirements at 30 days under stress assumptions. The regulatory requirement is 100%. B. A diversified financing strategy. • Agence France Locale pursues an issuance strategy that aims to diversify its sources of financing by type of investor, maturity, geographical area and currency in order to avoid any excessive concentration of refinancing falls and to limit its financing risk. These issues mainly comprise listed bonds, in the form of benchmarks or private placements, under a program known as EMTN (Euro Medium Term Note), but also, and to a lesser extent, money market negotiable debt securities, under a program known as ECP (Euro Commercial Paper). AFL may also issue debt repayable before maturity for a limited portion of its liabilities. C. Limiting the transformation of the statement of financial position; • The statement of financial position includes amortizable loans on its assets side and debts on its liabilities side, in both cases hedged against interest and exchange rates. Unlike the loans on the assets side, the debts on the liabilities side are not amortizable, so AFL is subject to a transformation risk or price risk in liquidity. AFL severely limits its transformation into liquidity, measured by three main indicators: o Difference in average life to maturity or "ALT difference" corresponds to the average maturity difference between assets and liabilities and

Row number	Topics	
		measures the transformation practiced by AFL; the activity will be managed in order to limit this difference to one year with potentially an additional buffer for limited periods raising the limit to 2 years (making it possible to absorb the possible drift of this indicator during the production of end-of-loan loans). The difference will return to 12 months by June 30 of the following year. o The "Net Stable Funding Ratio" or "NSFR" compares AFL's stable funding (at more than 12 months) to long-term funding requirements. The minimum regulatory requirement is 100%. o In addition to compliance with the average life to maturity gap, monitoring the liquidity transformation risk requires AFL to assess its liquidity by analyzing its maturity gaps (liquidity differences) arising from potential maturities of liabilities and assets, and likely to occur over different time horizons (time buckets). The liquidity difference is regulated via the definition of alert thresholds by buckets. With regard to access to liquidity, it should be noted that AFL has a line of credit with the Banque de France, available at any time, through the mobilization of receivables from local authorities that AFL carries on its balance sheet, via the TRiCP (Traitement Informatique des Créances Privées - Data Processing of Private Claims) system. This policy, while conservative, cannot fully protect AFL from liquidity risks. It remains sensitive, for example, to refinancing risk, i.e. the risk of not being able to raise resources at competitive levels for long maturities, or to the liquidity risk associated with the margin calls inherent in the hedging derivatives required for its hedging policy.
(b)	Structure and organization of the liquidity risk management function (authority, Articles of Association, other provisions).	The AFL Group's liquidity risk management system is detailed in section V.4 of the annual report.
(c)	Description of the degree of centralization of liquidity management and interaction between the group's units.	Due to the structure of the AFL Group, operational activities are carried out by AFL, a specialized lending institution. The AFL Group's liquidity is managed by AFL.
(d)	Scope and nature of liquidity risk reporting and assessment systems.	Regulatory ratios are produced by the Data, Processes & Reportings Department from a tool dedicated to their production as well as to the production of Corep. A tool is used to identify and measure other liquidity risk indicators via AFL's market IT system; it is maintained by ALM. Three main metrics are used to monitor liquidity risks: A. Difference in average life to maturity or ALT difference: the difference in average maturity between assets and

Row number	Topics	
		liabilities and measures the transformation into liquidity practiced by AFL. This indicator is monitored monthly in ALCo. *B. NCRR or "Net Cash Requirement Ratio": the NCRR is a 12-month liquidity ratio specific to AFL. It is monitored monthly.* *C. Liquidity gap: the liquidity gap measures the flow of assets and liabilities (in static view) during a given period in order to measure the refinancing risk carried on the statement of financial position. The liquidity gap is monitored monthly by the ALM Committee, and is governed by the implementation of alert thresholds. It is presented monthly in ALCo.* *D. The LCR (Liquidity Coverage Ratio), a liquidity ratio that must enable banks to withstand acute liquidity crises (both systemic and bank-specific) with a 30-day horizon, is calculated monthly.*
(e)	*Liquidity risk hedging and mitigation policies, and the strategies and processes put in place to monitor the continued effectiveness of these hedges and mitigation techniques.*	*These items are described in lines (a) and (d) of this table.*
(f)	*An overview of the bank's potential financing plans.*	*AFL's financing plan is updated annually when the budget for the following year is drawn up. AFL's financing plan is based exclusively on the financial markets and depends on anticipated activity.*
(g)	*An explanation of how stress tests are used.*	*Stress tests are carried out quarterly and their results are presented in ALCo.* *The results influence the completion of the year's financing program.*
(h)	*A statement on the adequacy of the institution's liquidity risk management systems, approved by the management body, which ensures that the liquidity risk management systems in place are appropriate in relation to the profile and the institution's strategy.*	*See row (a) of the EU OVA table - "Institutional approach to risk management"*
(i)	*A brief statement on liquidity risk, approved by the management body, briefly describing the institution's overall liquidity risk profile associated with the business strategy. This*	*See row (c) of the EU OVA table - "Institutional approach to risk management"*

Row number	Topics	
	statement contains key figures and ratios (other than those already covered in the EU LIQ1 model within the framework of this technical standard) that give external stakeholders a comprehensive overview of the liquidity risk management by the EU. institution, including how its liquidity risk profile interacts with the risk tolerance level set by the management body.	

I. Disclosure of exposure to credit risk, dilution risk and credit quality

Table EU CRA: general qualitative information on credit risk

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

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	621 673 016	621 673 016	-	-	-	-	-55 550	-55 550	-	-	-	-	-	-	-
010	Loans and advances	8 308 215 561	8 193 007 499	115 208 062	-	-	-	-445 528	-346 483	-99 044	-	-	-	-	1 691 465	-
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	8 247 775 186	8 132 567 124	115 208 062	-	-	-	-445 528	-346 483	-99 044	-	-	-	-	1 691 465	-
040	*Credit institutions*	60 440 375	60 440 375	-	-	-	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
070	*Of which SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	*Households*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	1 235 986 878	1 235 986 878	-	-	-	-	-501 562	-501 562	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	738 044 588	738 044 588	-	-	-	-	-237 516	-237 516	-	-	-	-	-	-	-
120	*Credit institutions*	467 152 586	467 152 586	-	-	-	-	-231 080	-231 080	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	30 789 704	30 789 704	-	-	-	-	-32 966	-32 966	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	***613 458 580***	***613 458 580***	-	-	-	-	***9 663***	***9 663***	-	-	-	-		-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	544 884 414	544 884 414	-	-	-	-	9 663	9 663	-	-	-	-		-	-
180	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190	*Other financial corporations*	68 574 166	68 574 166	-	-	-	-	-	-	-	-	-	-		-	-
200	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
210	*Households*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
220	***Total***	***10 779 334 036***	***10 664 125 974***	***115 208 062***	-	-	-	***-992 977***	***-893 932***	***-99 044***	-	-	-	-	***1 691 465***	-

Model EU CR1-A: maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	190 983 513	801 393 069	2 464 043 310	5 344 720 911	- 301 926 059	8 499 214 744
2	Debt securities	-	66 765 464	617 378 350	535 899 761	- 31 834 205	1 235 485 316
3	*Total*	**190 983 513**	**868 158 534**	**3 081 421 660**	**5 880 620 672**	**- 333 760 265**	**9 734 700 060**

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

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	-
020	Inflows to non-performing portfolios	-
030	Outflows from non-performing portfolios	-
040	Outflows due to write-offs	-
050	Outflow due to other situations	-
060	**Final stock of non-performing loans and advances**	-

Model EU CQ1: credit quality of renegotiated exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	77 420 148	-	-	-	- 80 244	-	-	-
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	77 420 148	-	-	-	- 80 244	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-
070	*Households*	-	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	*Total*	**77 420 148**	-	-	-	**- 80 244**	-	-	-

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	621 673 016	621 673 016	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	8 308 215 561	8 308 215 561	-	-	-	-	-	-	-	-	-	-
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	8 247 775 186	8 247 775 186	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	60 440 375	60 440 375	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
070	*Of which SMEs*	-	-	-	-	-	-	-	-	-	-	-	-
080	*Households*	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	1 235 986 878	1 235 986 878	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	738 044 588	738 044 588	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	467 152 586	467 152 586	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	613 458 580			-								-
160	*Central banks*	-			-								-
170	*General governments*	-			-								-
180	*Credit institutions*	-			-								-
190	*Other financial corporations*	-			-								-
200	*Non-financial corporations*	-			-								-
210	*Households*	-			-								-
220	***Total***	10 779 334 036	10 165 875 455	-	-	-	-	-	-	-	-	-	-

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

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	***On-balance-sheet exposures***	*9 557 102 225*	-	-	*9 557 102 225*	- *947 089*		-
020	*France*	8 706 248 681	-	-	8 706 248 681	- 646 260		-
030		-	-	-	-	-		-
040		-	-	-	-	-		-
050		-	-	-	-	-		-
060		-	-	-	-	-		-
070	*Other countries*	850 853 544	-	-	850 853 544	- 300 829		-
080	***Off-balance-sheet exposures***	*613 458 580*	-	-			*9 663*	
090	*France*	893 311 530	-	-			-	
100								
110								
120								
130								
140	*Other countries*	- 279 852 950	-	-			9 663	
150	***Total***	*10 170 560 805*	-	-	*9 557 102 225*	- *947 089*	*9 663*	-

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

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

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

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

J. Disclosure of information on the use of credit risk mitigation techniques

Table EU CRC - Qualitative disclosure requirements for CRM techniques

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

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

		Unsecured carrying amount	Secured carrying amount			
				Of which **secured by collateral**	Of which **secured by financial guarantees**	
						Of which **secured by credit derivatives**
		a	b	c	d	e
1	Loans and advances	8 928 197 112	1 691 465	-	1 691 465	-
2	Debt securities	1 237 678 343	- 1 691 465	-	- 1 691 465	
3	Total	10 165 875 455	0	-	0	-
4	*Of which non-performing exposures*	-	-	-	-	-
EU-5	*Of which defaulted*	-	-			

K. Publication of information on the use of the standardized approach

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

Table EU CRD - Qualitative disclosure requirements for the standardized approach

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

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

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	666 357 055	-	666 357 055	-	14 159 784	2,12%
2	Regional government or local authorities	8 461 317 105	541 499 891	8 461 317 105	410 721 922	156 700 511	1,77%
3	Public sector entities	206 384 180	-	206 384 180	-	14 759 979	7,15%
4	Multilateral development banks	202 804 129	-	202 804 129	-	-	0,00%
5	International organisations	80 855 544	-	80 855 544	-	-	0,00%
6	Institutions	355 546 610	-	355 546 610	-	80 124 290	22,54%
7	Corporates	30 756 737	-	30 756 737	-	6 151 347	20,00%
8	Retail	-	-	-	-	-	
9	Secured by mortgages on immovable property	-	-	-	-	-	
10	Exposures in default	-	-	-	-	-	
11	Exposures associated with particularly high risk	-	-	-	-	-	
12	Covered bonds	104 786 122	-	104 786 122	-	10 478 612	10,00%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investment undertakings	-	-	-	-	-	
15	Equity	100	-	100	-	100	100,00%
16	Other items	16 289 622	-	16 289 622	-	16 289 622	100,00%
17	**TOTAL**	10 125 097 204	541 499 891	10 125 097 204	410 721 922	298 664 245	2,83%

EU CR5 model - Standardized approach

	Exposure classes	Risk weight															Total	Of which unrated
		0	0,02	0,04	0,1	0,2	0,35	0,5	0,7	0,75	1	1,5	2,5	3,7	12,5	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	621 376 736	-	-	-	42 735 223	-	-	-	-	-	-	2 245 096	-	-	-	666 357 055	2 245 096
2	Regional government or local authorities	8 088 536 472	-	-	-	783 502 555	-	-	-	-	-	-	-	-	-	-	8 872 039 027	8 616 543 882
3	Public sector entities	132 584 285	-	-	-	73 799 895	-	-	-	-	-	-	-	-	-	-	206 384 180	43 343 445
4	Multilateral development banks	202 804 129	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202 804 129	
5	International organisations	80 855 544	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80 855 544	
6	Institutions	-	-	-	-	325 496 717	-	30 049 893	-	-	-	-	-	-	-	-	355 546 610	154 527 228
7	Corporates	-	-	-	-	30 756 737	-	-	-	-	-	-	-	-	-	-	30 756 737	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	104 786 122	-	-	-	-	-	-	-	-	-	-	-	104 786 122	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	100	-	-	-	-	-	100	-
16	Other items	-	-	-	-	-	-	-	-	-	16 289 622	-	-	-	-	-	16 289 622	16 289 622
17	**TOTAL**	9 126 157 167	-	-	104 786 122	1 256 291 127	-	30 049 893	-	-	16 289 722	-	2 245 096	-	-	-	10 535 819 126	862 037 273

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

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

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

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

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

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

N. Disclosure of counterparty credit risk exposures

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

Table EU CCRA - Qualitative information on CCR

Row number	*Legal basis*	
a)	*Article 439, point a), of the CRR* *Description of the equity capital allocation methodology and credit limit setting for counterparty credit exposures, and in particular the methods for setting limits for central counterparty exposures.*	*AFL's interest rate risk management policy provides for almost complete variability of the institution's asset and liability exposures against Euribor3M or €ster. Exposures from derivative contracts are subject to limits via the investment and counterparty risk management policy. AFL does not set limits on its exposures with central counterparties. AFL does not allocate equity capital to these transactions.*
b)	*Article 439, point b), of the CRR.* *Description of policies relating to guarantees and other credit risk mitigation*	*AFL has set up daily margin call procedures, at the first Euro with all its derivative counterparties.*

Row number	Legal basis	
	measures, such as the policies applied to obtain collateral and build up credit reserves.	
c)	*Article 439, point c), of the CRR* *Description of policies relating to correlation risk, within the meaning of Article 291 of the CRR.*	*AFL has no trading book and is not exposed to correlation risk.*
d)	*Article 431, points 3) and 4), of the CRR* *Other risk management objectives and relevant policies related to counterparty credit risk (CCR).*	*AFL has no other risk management objectives and relevant policies related to counterparty credit risk (CCR).*
e)	*Article 439, point d), of the CRR* *The amount of collateral that the institution would have to provide if its credit rating were downgraded.*	*AFL uses a "Clearing Broker" for its derivatives business with clearing houses. This intermediary applies a "credit buffer" to the amount of IMR claimed by the clearing house. In the event of a deterioration in AFL's credit rating, this buffer could increase, without this being mandatory, in proportions left to the discretion of the clearing broker.*

Model EU CCR1 - Analysis of CCR exposures by approach

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	67 601 016	35 749 398		1.4	144 690 579	144 690 579	144 690 579	11 500 039
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**144 690 579**	**144 690 579**	**144 690 579**	**11 500 039**

Template EU CCR2 - Transactions subject to CVA risk equity capital requirements CVA

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	32 294 656	26 878 977
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	32 294 656	26 878 977

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

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	112 395 924	-	-	22 984 022	9 310 633	-	-	-	-	-	144 690 579
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term cre	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	-	**112 395 924**	-	-	**22 984 022**	**9 310 633**	-	-	-	-	-	**144 690 579**

Model EU CCR5 - Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	211 651 501	-	-	-	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**211 651 501**	-	-	-	-	-	-	-

Model EU CCR8 - CCP exposures

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		2 247 918
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	112 395 924	2 247 918
3	(i) OTC derivatives	112 395 924	2 247 918
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		9 252 121
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	32 294 656	9 252 121
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	32 294 656	9 252 121
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

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

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

O. Disclosure of exposure to securitization positions

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

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

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

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

As such, it does not publish the following tables:

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

Q. Disclosure of operational risk

1. Standardized approaches

Table EU ORA - Qualitative information on operational risk

Legal basis	Row number	
Article 435, paragraph 1, points a), b), c) and d), of the CRR.	(a)	Publication of risk management objectives and policies: In order to best prevent the materialization of operational risks and the consequences of their possible occurrence, Agence France Locale has an internal control framework and risk management system. These systems aim to ensure the identification, measurement and early treatment of operational risks. These systems, which were built in compliance with best market practices, involve regular assessment of risks and the effectiveness of controls to minimize those risks and the implementation of an improvement/remediation action plan where necessary. The Management Board, through the Global Risk Committee, oversees the operational risk and the action plans to be implemented to improve the system. In accordance with regulatory requirements, the AFL Supervisory Board, assisted by its Risk Committee, as well as the AFL-ST Board of Directors, assisted by its Audit and Risk Committee, are informed of the essential elements and the main lessons that can

Legal basis	*Row number*	
		be drawn from the risk analysis and monitoring. To this end, they are sent a report extracted from the reports of the Global Risk Committee detailing the main risks and their treatment methods. It also receives an extract from the internal control reports. *The systems are based on the four lines of defence of internal controls (business lines – operational risk monitoring function – second-level permanent control – periodic control).*
Article 446 of the CRR.	*(b)*	*Publication of approaches for the assessment of minimum equity capital requirements:* *AFL uses the Basic Indicator Approach (BIA) to assess minimum equity capital requirements for operational risks.*

Model EU OR1 - Operational risk equity capital requirements and risk-weighted exposure amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	17 608 373	22 814 874	23 552 931	3 198 809	39 985 111
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	Subject to TSA:	-	-	-		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

2. AMA models

Agence France Locale - Société Territoriale does not use AMA models to calculate equity capital requirements for operational risk.

In this respect, the parts of tables "EU ORA, rows c and d" and "EU OR1" concerning the AMA method are not provided.

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

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

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

Row number			*Legal basis*
(a)	*A description of how the institution defines IRRBB for purposes of risk control and measurement.*	*Interest rate risk (IRRBB) corresponds to the potential loss caused by adverse movements in market rates due to all of the bank's balance sheet and off-balance sheet transactions. It materializes the risk incurred on the bank's results, in particular via the Net Interest Margin (NIM), and on the economic value of its equity in the event of a change in interest rates (NPV).*	*Article 448.1 (e), first paragraph*

Row number			Legal basis
(b)	*A description of the institution's overall IRRBB management and mitigation strategies.*	*To hedge against interest rate risk, AFL implements a quasi-systematic micro-hedging policy for its debts and part of its assets (mainly loans and securities making up the liquidity reserve) at a fixed rate. to convert them into floating rate debt and assets using 3-month Euribor fixed/floating rate swaps. For part of the balance sheet (shortest assets and liabilities), the coverage index used can be the Ester. In addition to this central micro-hedging policy, there is a macro-hedging policy, in particular fixed-rate loans for low unit amounts granted to local authorities. Some items on the balance sheet (e.g. current accounts, fixed-rate loans/securities replacing a fraction of equity, etc.) escape this variability via swaps against 3-month Euribor. The amounts allocated to these components are steered and monitored monthly by the AL Committee, subject to the sensitivity of the NPV and the sensitivity of the NIM.*	*Article 448.1 (f)*
(c)	*The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB.*	*As part of interest rate risk monitoring, two main metrics are used:* *1°) The Sensitivity of the Net Present Value (NPV) to various standard rate shocks: the change in the rate curve impacts the economic value of the AFL. The NPV is calculated by summing the discounted fixed rate flows of all assets and liabilities except net equity. The sensitivity of the NPV represents the change in economic value due to an immediate interest rate shock (parallel movements of the curve, deformations such as steepening/flattening of the curve) in static view. This metric is sensitive to a change in long-term balance sheet fixed rates positions and is one of the indicators monitored monthly in ALCO.* *2°) AFL monitors the sensitivity of the net interest margin to different rate scenarios. This measure, calculated on a constant balance sheet basis, reflects the impact of interest rate movements on the 12-month net interest margin. The metric is monitored quarterly in ALCO.* *To measure the interest rate risk, a 3rd metric is also monitored in ALCO: the fixed rate gap which measures the difference between the assets and the liabilities whose income is fixed for a given period of time so as to measure the refinancing risk. and the replacement risk carried on the balance sheet. This gap is by nature limited due to AFL's balance sheet variability policy, with the exception of a few non-swap fixed rate exposures.* *Finally, AFL is also exposed to a certain number of residual risks: the basis risk induced by the use of different indexation references (Euribor 3Mois, Ester mainly) and the fixing risk linked to the use of different fixing dates. Reports relating to these 2 risks are monitored monthly by ALCo.*	*Article 448.1 (e) (i) and (v); Article 448.2*
(d)	*A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable).*	*To estimate changes in economic value and net interest income, AFL uses standardized rate scenarios as defined by IRRBB.*	*Article 448.1 (e) (iii); Article 448.2*

Row number			Legal basis
(e)	*A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable).*	*Early repayments are considered at 0%, based on the historical data observed to date (very low early repayment amounts and limited occurrences over a still relatively short period)..*	*Article 448.1 (e) (ii); Article 448.2*
(f)	*A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment (if applicable).*	*The strategy of variabilization of almost the entire balance sheet involves a strategy of systematic micro-hedging of debts and part of the assets. In addition, a macro-hedging strategy is deployed for fixed-rate loans of low unit amounts granted to local authorities for which micro-hedging is too costly in order to transform them into variable-rate loans on a 3-month Euribor reference as well as for amortizing loans of the constant maturity type, given their characteristics and loans with a tailor-made profile that cannot be swapped in compensation.*	*Article 448.1 (e) (iv); Article 448.2*
(g)	*A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable).*	*The AFL's Net Present Value (NPV) is calculated by summing the discounted fixed-rate cash flows of all assets and liabilities, excluding net equity, based on a 3-Month Euribor swap curve. For non-maturity balance sheet items, runoff assumptions are validated annually by the ALCO. This primarily concerns nostro accounts and accounts with the Banque de France, for which the interest rate reset period is daily.* *The consideration of floors in the balance sheet (mainly in the indexation of interest on variable-rate loans) is based on an approach using the intrinsic value of the options.*	*Article 448.1 (c); Article 448.2*
(h)	*Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures*	*In 2024, interest rate risk indicators remained relatively stable compared to the end of 2023. AFL's interest rate risk strategy remained unchanged, with a strong focus on neutralizing the sensitivity of Net Interest Margin (NIM) as much as possible. As a result, NPV sensitivity indicators (for parallel shocks) are higher.*	*Article 448.1 (d)*
(i)	*Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)*		
(1) (2)	*Disclosure of the average and longest repricing maturity assigned to non-maturity deposits*	*For AFL, unscheduled deposits correspond to nostri accounts or current accounts at the central bank. For these assets, the rate reset period is defined as daily.*	*Article 448.1 (g)*

Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-6,93%	-6,71%	-0,15%	0,13%
2	Parallel down	9,19%	9,26%	0,27%	-0,15%
3	Steepener	-2,13%	-3,16%		
4	Flattener	1,05%	2,15%		
5	Short rates up	-1,15%	-0,08%		
6	Short rates down	1,56%	0,13%		

S. Publication of information on the compensation policy

Table EU REMA - Compensation policy

Line		
(a)	*Information on the bodies that supervise compensation.*	*The components of compensation and the criteria for determining them are presented to the Appointments, Remuneration and Corporate Governance Committee and to the Supervisory Board of AFL in accordance with the applicable provisions of the French Monetary and Financial Code. The related information is specified in the AFL corporate governance report.*
(b)	*Information on the design and structure of the compensation system for identified staff.*	*AFL's compensation policy is built in compliance with regulations, in particular with the French Monetary and Financial Code and the amended Decree of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector subject to control by the ACPR.* *The compensation policy applies to all employees of Agence France Locale.* *Agence France Locale's compensation policy is based on seven main principles:* *1. Compliance with regulations;* *2. Alignment with the economic strategy, objectives, values and long-term interests of Agence France Locale and, more broadly, of the Agence France Locale Group;* *3. Consistency with sound risk management and financial balances and the strengthening of its financial base;* *4. The ability to attract talent and involve them in the development and sustainability of AFL, with a view to building employee loyalty;* *5. Recognition of the key role of a compensation policy in employee motivation in the banking sector;* *6. The principle of equity* *7. Compensation policy and practice are based on the principle of equal compensation for men and women workers for the same work or work of the same value.* *AFL has long-term objectives and specificities (bank, local sector, VSE). Its compensation policy has been designed in line with AFL's economic strategy, objectives, values and long-term interests, which are the long-term financing of the French local sector.* *Talent is attracted because of fixed compensation corresponding to market standards for similar positions. AFL is a specialized lending institution, composed of qualified people, recognized in their functions, and whose image must enable local authorities to benefit from the technical expertise of their pooled financing tool.*

		From 2021, AFL set up a profit-sharing scheme for all employees excluding the Chairperson of the Management Board. *From 2022, the AFL is implementing a system for allocating eco-responsible company vehicles to all volunteer employees, as a loyalty and motivation tool. The vehicles made available, as a benefit in kind, comply with the company's CSR approach.* *From 2023, AFL updates the conditions of application of the Sustainable Mobility Package (FMD) for all eligible employees, in accordance with the company's CSR approach.* *Variable compensation is a key element in a company. AFL implements a policy that values the efforts made to serve the Company.*
(c)	*Description of the way in which current and future risks are taken into account in the compensation process. The information to be published includes an overview of the main risks, their assessment and how this assessment affects compensation.*	*Agence France Locale awards variable compensation based on the following criteria:* *a. Achievement of objectives set, individual and collective, quantitative and qualitative;* *b. The combined assessment of the individual's performance, the department to which they belong and the performance and financial trajectory of AFL as a whole;* *c. Assessment of the need to comply with regulatory requirements and best practices in terms of internal control, risk management and compliance;* *d. Performance measurement takes into account the risks taken or likely to be taken by AFL, liquidity requirements and the cost of capital;* *e. Depending on the performance and financial trajectory, the qualitative and quantitative results obtained by AFL, the Management Board sets a variable compensation package attributable for the year to all employees.*
(d)	*Ratios between the fixed and variable components of the compensation defined in accordance with point g) of Article 94, paragraph 1, of the CRD.*	*As part of its compensation policy, AFL caps each variable compensation at 15% of the employee's fixed salary.*
(e)	*Description of how the institution seeks to link compensation levels to the performance achieved during a performance measurement period.*	*The limit on variable compensation to 15% of the fixed salary of each AFL employee is a ceiling particularly low in the professions held by these categories of employees in the banking sector. However, this amount appears to be large enough to motivate the staff of Agence France Locale to make the necessary efforts to benefit from it. If the maximum is paid, this may correspond to more than a month and a half of annual salary. This very limited cap aims to differentiate Agence France Locale from its competitors, both private and public; it is a strong focus of professional ethics which is one*

		of the essential foundations of the Agence France Locale Group's creation. *This cap of 15% and the other factors to which the allocation of variable compensation is linked does not encourage excessive risk-taking.*
(f)	*Description of how the institution seeks to adjust compensation to reflect long-term performance.*	*In accordance with the requirements of the regulations, for employees having a significant impact on the Company's risk and those having a significant role, Agence France Locale sets up a deferred payment of variable compensation in accordance with the provisions expressly contained in their employment contract for those whose annual variable compensation exceeds €50 thousand euros. To date, given the amount of fixed salaries at AFL coupled with the limit of 15% for the variable salary, this deferral will not be activated.* *This deferred payment, adapted to the size and internal organization of Agence France Locale as well as the nature, scope and complexity of the activities carried out, takes the following form:* - *The deferral is only triggered when the variable amount exceeds €50 thousand;* - *The amount of the variable compensation less than or equal to the threshold of €50 thousand is paid at the beginning of year n+1, subject to the employee's presence in the AFL workforce on the date of payment of the variable compensation;* - *The variable amount above the €50 thousand threshold is deferred and paid at the beginning of year n+2 and at the beginning of year n+3, then at the beginning of year n+4 for 33% at each of these financial years subject to the condition of the employee's presence in the AFL workforce on the payment date of the variables for years n+1, n+2 or n+3, n+4.* *The population of individuals with an impact on risk and employees with a significant role in AFL include:* - *The Members of the Supervisory Board,* - *The Members of the Management Board, namely the Chairperson of the Management Board, the Chief Financial Officer and the Head of Commitments and Risks – Climate and Sustainable Finance, and Head of Membership and Credit,* - *The Corporate Secretary,* - *The General Counsel,* - *The Accounting Director,* - *Head of Treasury and Short-Term Financing, Head of Long-Term Financing in the Finance Department,* - *The ALM manager,* - *The Head of the Prudential and Financial Risks division,* - *The Head of the Non-Financial Risks and Compliance division,* - *The Head of Data, Process & Reportings Department,* - *The Head of the Commitments division in the Commitments and Risks Department.*
(g)	*The description of the main parameters and rationale for*	

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

Model EU REM1 - Compensation granted for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	14	7	-	8
2		Total fixed remuneration	62 700	1 433 957	-	996 625
3		Of which: cash-based		1 433 957	-	996 625
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	14	7	-	8
10		Total variable remuneration	176 500	188 061	-	132 210
11		Of which: cash-based	176 500	188 061	-	132 210
12		Of which: deferred		15 061	-	
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	**Total remuneration (2 + 10)**		**239 200**	**1 622 018**	**-**	**1 128 835**

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

		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	14	7	-	8
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into a	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Model EU REM3 - Deferred compensation

	Deferred and retained remuneration	a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU - h Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	123 513	84 847	38 666				15 061	90 122
8	Cash-based	123 513	82 847	38 666				15 061	90 122
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	8 566							
14	Cash-based	8 566							
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	11 300							
20	Cash-based	11 300							
21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	**Total amount**	**143 379**	**84 847**	**38 666**				**15 061**	**90 122**

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

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						Total
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1	**Total number of identified staff**										**15**
2	Of which: members of the MB	14	7	7							
3	Of which: other senior management										
4	Of which: other identified staff					6			2		
5	**Total remuneration of identified staff**	**239 200**	**1 622 018**	**1 622 018**		**831 311**			**297 524**		
6	Of which: variable remuneration	176 500	188 061	188 061		99 889			32 321		
7	Of which: fixed remuneration	62 700	1 433 957	1 433 957		731 422			265 203		

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

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

T. Disclosure of encumbered and unencumbered assets

Model EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**133 101 165**	**67 520 290**			**10 172 477 398**	**1 634 892 701**		
030	Equity instruments								
040	Debt securities	67 985 885	67 985 885	67 985 885	67 985 885	1 112 661 663	882 892 947	1 112 661 663	882 892 947
050	of which: covered bonds	67 054 695	67 054 695	67 054 695	67 054 695	1 041 022 110	811 449 303	1 041 022 110	811 449 303
060	of which: securitisations								
070	of which: issued by general governments					708 061 093	545 341 893	708 061 093	545 341 893
080	of which: issued by financial corporations					466 958 518	36 214 528	466 958 518	36 214 528
090	of which: issued by non-financial corporations					18 344 860	5 349 923	18 344 860	5 349 923
120	**Other assets**	**57 400 000**	-			**8 705 743 248**	**607 462 708**		

Model EU AE2 - Collateral received and own debt securities issued

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

Model EU AE3 - Sources of asset encumbrance

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

Table EU AE4 - Additional descriptive information

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

III. STATEMENT ON THE ADEQUACY OF THE AFL GROUP'S RISK MANAGEMENT SYSTEMS

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

Yves MILLARDET

Deputy Chief Executive Officer of Agence France Locale – Société Territoriale

President of the Management Board of Agence France Locale