

Lyon, September 22, 2025

AFL acknowledges the downgrade to A+ (stable outlook) of its long-term rating by Fitch Ratings

Following the decision by Fitch Ratings to downgrade the French government's long-term rating from AA- (negative outlook) to A+ (stable outlook), AFL, the bank for local authorities, announces that its own long-term rating assigned by Fitch Ratings has been revised from AA- (negative outlook) to A+ (stable outlook) on September 18, 2025. Its short-term rating remains unchanged at F1+, stable outlook.

AFL credit rating on 22 September 2025

Rating/Rating agency	Fitch Ratings	Standard & Poor's
Long term	A+, stable outlook	AA-
Outlook	stable	Negative
Short-term rating	F1+, stable outlook	A-1+

This change stems directly from the methodology applied by Fitch Ratings, which links the sovereign rating to that of AFL, given its business model - limited to financing French local authorities - and the guarantee mechanism covering the senior debt issued by the bank.

This decision does not reflect a deterioration in the credit institution's own financial situation, which remains solid. AFL retains:

- a robust business model;
- high liquidity;
- prudent financial policies.

The bank remains fully committed to pursuing its strategic objectives and maintaining the confidence of French local authorities and investors.

Impacts of the rating change

- Debt issued by AFL remains classified as HQLA1 as specified by the ACPR, pursuant to Article 10(1)(e)(ii) of the LCR Delegated Regulation.

Excerpt from the ACPR notice: "AFL issues may be considered high-quality liquid assets of level 1 ('HQLA1') under Article 10(1)(e)(ii) of the LCR Delegated Regulation, provided that the share of loans granted by AFL to eligible RGLA is permanently greater than 90% of total outstanding loans."

⇒ As of June 30, 2025, this ratio has been verified.



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- Given the AFL's status as a credit institution, the weighting of AFL debt securities issues for the calculation of risk-weighted assets under the standard approach, excluding member guarantees, is referred to in Article 120 of the CRR Regulation. Following the upgrade of the AFL's rating to CQS 2, the weighting is 30%.

Excerpt from Article 120(1) of the CRR: "Exposures to institutions for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 1 which corresponds to the credit assessment of the ECAI in accordance with Article 136."

Table 1

Credit quality step	1	2	3	4	5	6
Risk weighting	20%	30%	50%	100%	100%	150%

About AFL

"The Company's mission is to embody a responsible finance to strengthen the local world's empowerment so as to better deliver the present and future needs of its inhabitants."

By creating our bank, the first one that we own and manage, we, French local authorities, have decided to act to deepen decentralization. Our bank, Agence France Locale (AFL), is not a financial institution similar to any other. Created by and for local authorities, it aims to strengthen our freedom, our ability to develop projects and our responsibility as local public actors. Its culture of prudence spares us from the dangers of complexity and its governance from downward slides of conflicts of interest. The main objective is to provide local world with an access to cost-efficient resources, under total transparency. The principles of solidarity and equity drive us. We are convinced that together we go further. We decided that our institution would be agile, addressing all types of local authorities, from the largest regions to the smallest municipalities. We see profit as a means to maximize public spending, not as an end goal. Through AFL, we support a local world committed to take up social, economic, and environmental challenges. AFL strengthens our empowerment: to carry out projects in our territories, today and tomorrow, to the benefits of the inhabitants. We are proud to have a bank whose development is like us, even more responsible and sustainable. We are Agence France Locale.



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