

AFL's 2025 half-yearly results: Strong growth in results that supports its development

AFL Group announced a strong improvement in its results as of 30 June 2025:

- Net banking income rose by **43% to 15.4** million euros and by **27%** after inclusion of the AT1 interest expenses, compared to the first half of 2024
 - Gross operating income doubled to **6.3** million euros and grew by **58%** after inclusion of the AT1 interest expenses, compared to the first half of 2024
 - Loan production for the half-year increased by **18% to 728** million euros compared to the first half of 2024
 - 2 capital increases brought in **87** new local authority shareholders, bringing the total number of local authorities shareholders to **1,131**
 - Liquidity stands at 2.1 billion euros, enabling AFL to meet all its operational requirements for 10 months
 - Capitalisation is solid, with a bank leverage ratio of **2.43%** (excluding AT1; limit of 1.7%).
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Consolidated earnings – key figures as of 30 June 2025 (IFRS)

Pledged capital: **332** million euros (328 million on 31/12/2024)

Loan production: **728** million euros (619 million on 30/06/2024)

Funds raised in the market: **1.3** billion euros at OAT + **15** basis points

Net banking income: **15.4** million euros (10.8 million on 30/06/2024)

Gross operating income: **€6,341,000** (€2,901,000 on 30/06/2024)

Net income before tax: **€6,307,000** (€2,645,000 on 30/06/2024)

Net income after tax: **€4,655,000** (€1,954,000 on 30/06/2024)

Cost/income ratio: **66.4%** (v. 67.8% on 31/12/2024)

"In a complex environment, AFL is continuing along its growth trajectory. The results for the first half of 2025 that are in line with the forecasts included in the budget for the year 2025 and the multi-annual business plan, confirm the robustness of the AFL model and illustrate its ability to adapt and consolidate its position with French local authorities", explains Yves Millardet, Chairman of AFL's Executive Board.



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Results driven by growth in lending activity

The AFL Group recorded renewed growth in gross operating profit. This result is the consequence of growth in lending to local authorities, optimisation of liquidity reserve management, strict cost control and controlled growth in IT teams and investments.

In this way, as of 30 June 2025, outstanding loans amounted to 9.13 billion euros, driven by a competitive credit supply for local authorities. In parallel, the cost/income ratio continued to improve to 66.4%, against 67.8% as of 31 December 2024, including, as of 30 June 2025, interest expenses on deeply subordinated debt securities issued in December 2024 and intended to be recognised as Additional Tier 1 (AT1) capital.

The cost of risk, which is very limited due to the sector of activity, is increasing with the deterioration of the economic and financial environment and the increase in the size of AFL's balance sheet

AFL's cost of risk is intrinsically very limited due to its model as a public development credit institution, its prudent management, the excellent creditworthiness of French local authorities¹ and the quality of its liquidity reserve assets.

As of 30 June 2025, AFL made a provision of €36,000 for ex-ante impairments for expected losses on its assets under IFRS 9. Provisions for risks stem mainly from the increase in the AFL's balance sheet and, in part, from changes in the assumptions used to construct macroeconomic scenarios by asset class. As of 30 June 2025, the total amount of IFRS 9 impairments stood at **€1.578 million**, compared to €1,544 million as of 31 December 2024.

A solid financial structure which permits balanced growth

The AFL Group has a very robust financial structure:

- **The CET1 solvency ratio** (consolidated) stood at **56.52%** (excluding the benefit of AT1; v. 62.75% as of 31/12/2024; for a regulatory limit of 10,50%); the decrease resulted from a higher risk weighting of the liquidity reserve;
- **The banking leverage ratio** was **2.43%** (v. 2,31% as of 31/12/2024; excluding the benefit of AT1; for a limit of 1.7%);

¹ The risk weighting of regions, departments, municipalities and public inter-municipal cooperation establishments with their own taxation system was reduced to 0% by a decision of the Supervisory Board of the Prudential Control and Resolution Authority (ACPR) on 21 June 2024.



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- **The leverage ratio**, calculated according to the methodology applicable to public development credit institutions, was **12.08%** (v. 11.25% on 31/12/2024; for a regulatory limit of 3%);
- **AFL's LCR ratio** stood at **516%** (v. 447% as of 31/12/2024; for a regulatory limit of 100%);
- **The 12-month internal liquidity ratio**, NCRR, stood at **86%** as of 30 June 2025 (v. 90% as of 31/12/2024), corresponding to a liquidity reserve of €2.1 billion, which enables AFL to meet all its needs for 10 months without resorting to the market;
- **AFL's LCR ratio** stood at **202%** (v. 220% as of 31/12/2024, for a regulatory limit of 100%).

The solidity of AFL's financial structure is recognised by rating agencies, which have assigned it a rating equivalent to that of France.

AFL's Ratings

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

*Since 18 September 2025, following the downgrade of the French State's rating

Highlights 2025

Effective financing in a complex environment

AFL's continuous presence in the markets over the past 10 years, combined with its high rating and, since 2024, the HQLA 1 qualification of its debt securities, have given it enhanced credibility in the capital markets, resulting in a tightening of its financing margins over the period. Thus, during the first half of 2025, AFL was able to raise €1.3 billion in resources at an average margin narrowed by 15.7 basis points against the OAT curve.

12 bond issues were made during the half-yearly period. These included eight private placements, a new €500 million eight-year issue, a 10-year issue of CHF 100 million and two top-ups of existing bond issues of €250 million each.



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Post-closing events

- On 23 September 2025, **a new capital increase** was launched by the AFL-ST Board of Directors to enable new local authorities to join. The AFL Group expects to have **1,300 local authorities shareholders by end-2025**.
- After lowering France's long-term rating from AA- to A+ on 13 September 2025, Fitch Ratings then reduced the ratings of issuers aligned with that of the State, including AFL. AFL is now rated A+ with a stable outlook by Fitch Ratings.

AFL's Management Board approved its half-yearly corporate and consolidated financial statements for the first half of 2025 on 10 September 2025. AFL's Supervisory Board, chaired by Mr. Sacha Briand, met on 23 September 2025 and approved its half-yearly financial statements.

The Board of Directors of AFL-ST, chaired by Mrs. Marie Ducamin on 23 September 2025, approved the consolidated half-yearly accounts of the AFL Group.

The limited review procedures of the half-yearly parent company and consolidated financial statements, drawn up as of 30 June 2025, were carried out by the statutory auditors.

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

AFL Group's financial information for the first half of 2025 consists of this press release and the report available on its website:

https://www.agence-france-locale.fr/?post_type=news&p=20831&preview=true

About AFL, the bank for local authorities

"Embodying responsible finance to empower local communities so that they can meet the present and future needs of their residents".

As the only French bank 100% owned by local authorities, AFL has a unique and innovative model: that of a bank created by and for all local authorities. By becoming shareholders in AFL, local authorities gain access to rapid, tailor-made financing for their investments, while committing to a sustainable and responsible approach to finance. For local authorities, this means the freedom to invest while maintaining control over their finances. Since the start of its activity in 2015, AFL has already granted nearly €11.5 billion, including €2 billion in 2024, and today has 1,131 shareholders. For more information: www.afl-banque.fr



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