

STATUTES AND MISSION

Licensed in 2015

Authorized by the banking law dated 26 July of 2013 and incorporated on 17 December 2013, Agence France Locale (AFL) has been recognized as a **Public Development Credit Institution** in March 2021.

100% owned by Local authorities

AFL is 100%-owned by French Local Authorities and aims to provide cost effective funding for their members. This is achieved by accessing the capital markets to raise financing for the Authorities' combined requirements.

LGFA model

This model has already proved successful in various Northern European countries (Local Government Funding Authorities - LGFAs).

ASSET CREDIT QUALITY

Only French Local authorities (including local governments, groupings and public local entities) are allowed to join AFL by law:

- They may only borrow funds in order to finance their investments.
- All capital repayments must come from their own resources
- They cannot vote or run a budget deficit.
- They cannot go bankrupt or undergo liquidation proceedings.

AFL only provides **vanilla loans to its members**: structured products are prohibited.

STRUCTURE AND GOVERNANCE

By law, the Agence France Locale Group governance is based on a dual structure:

- Agence France Locale - ST: fully-owned by member local authorities, it is the holding company which sets the strategic guidelines, appoints the directors of AFL and manages the guarantee mechanism.
- AFL (Aa3 (Stable) by Moody's and AA- (Stable) by Standard & Poor's): a credit institution which raises funds in capital markets and distributes vanilla amortizing loans to local authorities.

Any financially sound French Local Authority may join AFL. Every new member has to subscribe to the capital of Agence France Locale - ST and pays in a contribution based on its total outstanding debt at the date of joining.

GUARANTEE STRUCTURE

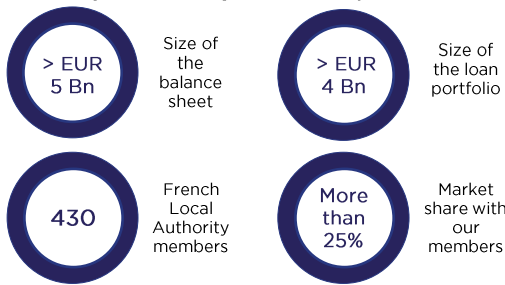
Unconditional, explicit, joint and several

Financial creditors benefit from a dual first call guarantee system

- Members Guarantee:** independent and individual first call guarantee undertakings made by each member : Each member local authority acts as debt guarantor up to the amount of its outstanding borrowings (principal, interest and incidentals) received from AFL. Members that are called by debt holders have an immediate recourse to the other members so as to ensure a solidarity among all members.
- ST Guarantee :** independent first call guarantee undertaking provided by Société Territoriale (ST).

OPERATIONAL ACTIVITIES

Some key facts and figures as of May 2021:



The only credit institution exclusively dedicated to financing French Local Authorities

FUNDING

- 2 debt issuance programmes run by AFL:



- 7 EUR benchmarks already issued: 2022, 2023, 2024, 2026, 2027, 2028 (1st AFL's bond to reach the size of EUR 1Bn) and 2031.
- 20% RW and PSPP (ECB's Public Securities Purchase Program) eligible.
- A medium to long term funding programme up to EUR 1.5Bn for 2021 : public transactions and private placements.
- A dedicated sustainability bond programme.

SUSTAINABILITY BOND

Central item of AFL's sustainability strategy - Details:

- Eligible assets selected from AFL credit lines - belonging to 3 main categories, aligned with Local governments respective missions - categories mapped with UN SDGs
- Access to essential and basic social services
- Energy and ecological transition
- Sustainable infrastructures, territorial cohesion
- Enhanced internal governance (allocation, reporting)
- Positive SPO by Vigeo Eiris



AGENCE FRANCE LOCALE

The French Local Government Funding Agency

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More info:
www.afl-banque.fr
AFLBNK Govt <GO>

GUARANTEE STRUCTURE

Unconditional, explicit, joint and several guarantee given by the French local authority members

FINANCIAL RATINGS

Aa3 (stable) / P-1 (Moody's)
AA- (stable) / A-1+ (S&P)

EXECUTIVE BOARD AND FUNDING TEAM

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