

AFL recognised as a public development credit institution

On March 11th, 2021, AFL has been recognised as a public development credit institution by the French banking regulator (*Autorité de contrôle prudentiel et de résolution - ACPR*). This recognition confirms AFL specificities as a bank created and fully owned by French local authorities.

An official recognition of AFL profile

Criteria defining public development credit institution are listed in a European regulation (2019/876 - 2019 May 19th):

- 1) **Entity has been established by a Member State's central government, regional government or local authority,**
- 2) **Its activity is limited to advancing specified objectives of financial, social or economic public policy,** on a non-competitive basis ;
- 3) Its goal is **not to maximise profit or market share** ;
- 4) The central government, regional government or local authority has an obligation to **protect the credit institution's viability** ;
- 5) **It does not take covered deposits.**

AFL has been established by and for French local authorities. They are the only shareholders, only borrowers and only guarantors. Its aim is to finance capital expenses of local authorities by fulfilling their borrowing needs. Its goal is not to maximise profit or market share but to provide and secure cost-efficient resources to local authorities' shareholders.

A new calculation of the leverage ratio

As a public development credit institution, AFL is allowed to withdraw from its calculation of the leverage ratio, the exposures arising from assets that constitute claims on local authorities.

Therefore, AFL deducts incentive development loans from the assets side of the balance sheet.

As a reminder, AFL chose to fulfil a solvency ratio requirement of 12,5% - ahead of regulatory requirements (11,75%).



A decision reinforcing AFL development

For Ariane Chazel, Member of the Management Board and Head of Risks and Commitments: “this recognition strengthens AFL identity, as the only bank in France exclusively dedicated to local public investments, created by and for local authorities”. Olivier Landel, AFL-ST Chief Executive Officer enhances that “this decision demonstrates that French local authorities have been able to create a model of bank that is very different from traditional credit institutions which has been recognised by the French banking regulator”.

About AFL

“Embody responsible finance and empower local authorities to respond to the present and future needs of their inhabitants.”

“By creating the first bank that we wholly own and manage, we, the French local authorities, have taken a strong political step toward decentralization. Our institution, Agence France Locale, is not a financial institution like the others. Created by and for local authorities, it acts in a local context to strengthen our freedom, our ability to develop projects and our responsibility as public actors. Its culture of prudence prevents us from the dangers of the complexity and richness of its governance, and from abuses related to conflicts of interest. Its fundamental objective is to offer local authorities access to resources under the best conditions and with complete transparency. The principles of solidarity and equity guide us. Convinced that we will go further together, we wanted an agile institution that would appeal to all authorities, from the largest regions to the smallest towns. We see profit as a means to optimize public spending, not as an end in itself. Through AFL, we support a local environment committed to addressing social, economic and environmental challenges. The AFL strengthens our power to act, to carry out projects locally, for today and tomorrow, for the good of the people who live there. We are proud to have a bank that expresses growth as we see it, ever more responsible and sustainable. We are Agence France Locale.”



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