

**SUPPLEMENT N° 1 DATED 8 DECEMBER 2020
TO THE BASE PROSPECTUS DATED 20 NOVEMBER 2020**



**BPCE
Euro 40,000,000,000
Euro Medium Term Note Programme**

BPCE (the “**Issuer**”) may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Euro Medium Term Notes (the “**Notes**”) denominated in any currency under its Euro 40,000,000,000 Euro Medium Term Note Programme (the “**Programme**”).

This first supplement (the “**First Supplement**”) is supplemental to, and should be read in conjunction with, the base prospectus dated 20 November 2020 prepared by the Issuer in relation to its Programme and which received approval n°20-564 on 20 November 2020, by the *Autorité des marchés financiers* (the “**AMF**”) (together, the “**Base Prospectus**”).

The Base Prospectus, as supplemented (including by this First Supplement), constitutes a base prospectus for the purpose of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

The Issuer has prepared this First Supplement to its Base Prospectus, pursuant to Article 23 of the Prospectus Regulation in order to modify the disclaimer, the “**Risk Factors**” and the “**Use of Proceeds**” sections and insert a “**Recent Developments**” section.

Application has been made to the AMF in France for approval of this First Supplement to the Base Prospectus, in its capacity as competent authority under the Prospectus Regulation. The AMF only approves this First Supplement to the Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, such approval should not be considered as an endorsement of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Save as disclosed in this First Supplement, no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this First Supplement and (b) any other statement in, or incorporated by reference in, the Base Prospectus, the statements in (a) above will prevail.

To the extent applicable, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before this First Supplement is published, have the right, exercisable within a time limit of minimum two (2) working days after the publication of this First Supplement (*i.e.* no later than 10 December 2020), to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period or the delivery of the Notes, whichever occurs first. Investors may contact the Authorised Offerors should they wish to exercise the right of withdrawal.

Copies of this First Supplement (a) may be obtained free of charge at the registered office of the Issuer (BPCE Service Emissions - 50, avenue Pierre Mendès France – 75201 Paris Cedex 13) and (b) will be made available on the websites of the Issuer (www.groupebpce.fr) and of the AMF (www.amf-france.org).

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1. DISCLAIMER

On page 4 of the Base Prospectus, paragraphs three and four are deleted and replaced as follows:

“Neither the Arranger nor the Dealers have undertaken, nor are responsible for, any assessment of the eligibility criteria for selecting investments in Eligible Projects (as defined in the section “Risk Factors” and completed, as the case may be, in the relevant Final Terms) or any eligible green, social, sustainable or any other labelled projects, any verification of whether such Eligible Projects meet such eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the relevant Final Terms, the Issuer’s website, the Issuer’s framework and the second-party opinion, if any, for further information. No assurance or representation is given by any of the Dealers or the Arranger as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) on the Issuer’s framework, or on any green Notes, social Notes, or sustainable Notes or any other labelled Notes. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Dealers or the Arranger, sell or hold any such Notes.

In addition, payments of principal and interest (as the case may be) on green Notes, social Notes or sustainable Notes and any other labelled Notes shall not depend on the performance of the relevant Eligible Project(s) nor on the achievement of any green, social or sustainability or any other labelled objectives.

Noteholders should note that the Transition Notes will be issued without a framework and will not benefit from a third party opinion.”

2. RISK FACTORS

On page 17 of the Base Prospectus, the risk factor entitled “*The Notes may be issued with a specific use of proceeds*” in the sub-section entitled “1. Risks for the Noteholders as creditors of the Issuer” in the section entitled “Risk Factors Relating to the Notes” is deleted and replaced as follows:

“The Notes may be issued with a specific use of proceeds

An amount equal to the net proceeds of the issuance of Notes may be applied to finance or re-finance, in part or in full, new and/or existing (i) eligible loans for social assets and/or projects, (ii) eligible loans for green assets and/or projects, (iii) eligible loans for transition assets and/or projects and (iv) any other category specified in the relevant Final Terms (together, the “**Eligible Projects**”).

The definition (legal, regulatory or otherwise) of, and market consensus for a particular project to be defined as, a “green” or equivalently labelled project is currently under development. On 18 December 2019, the Council and the European Parliament reached a political agreement on a regulation to establish a framework to facilitate sustainable development. On 18 June 2020, Regulation (EU) No. 2020/852 on the establishment of a framework to facilitate sustainable investment was adopted by the Council and the European Parliament (the “**Taxonomy Regulation**”). The Taxonomy Regulation establishes a single EU-wide classification system, or “taxonomy”, which provides companies and investors with a common language for determining which economic activities can be considered environmentally sustainable. A draft delegated act containing the screening technical standards have been published on 20 November 2020. Further development of the EU taxonomy will take place via a new Platform on Sustainable Finance, which is expected to be operating in the next months.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “social”, “sustainable”, “transition” or any equivalently labelled assets.

The “transition” or any equivalently labelled assets intend to refer to assets which contribute to the energy transition either through their own reduced greenhouse gas (“**GHG**”) emissions and/or through their contributing to the GHG emission reductions of other industries. There are currently no market principles governing “transition” bond issues. The approach adopted by the Issuer and/or Natixis in relation to any such issue may or may not be in line with any initiative or guidelines regarding “transition” bonds that a professional association may publish in the future. For the time being, the Issuer does not foresee the publication of a framework on “transition” bonds and holders of Transition Notes will not have any information on the eligible projects other than that included in the “Use of Proceeds” section and in the relevant Final Terms, as the case may be. The selection of the eligible “transition” assets may be carried out by Natixis (a subsidiary of the Issuer) based on an internal methodology, the Green Weighting Factor, for “project loans” or, based on the Sustainability Linked Loans Principles, for “corporate loans”, as more fully described in the section “Use of Proceeds” and, as the case may be, in the relevant Final Terms. However, such selection may not be verified by a third party; furthermore, there may be a conflict of interest, in the selection of eligible “transition” assets, between Natixis as lender of record in respect of the eligible transition assets and BPCE as Issuer of the Transition Notes. The Green Weighting Factor is an internal methodology of Natixis used to monitor and steer the climate and environmental impact of its balance sheet (see section “Use of Proceeds”). The appropriate application of the evaluation methodology to project loans is reviewed by Natixis risks function. Currently, the internal methodology of Natixis is being reviewed by an independent auditor. The results of this audit have not yet been provided. Therefore, if the conclusions of this audit lead to adjustments in the methodology, there could be a reallocation of the underlying eligible transition assets, which could not meet the investment requirements of holders having subscribed or purchased Transition Notes prior to the completion of this audit; furthermore, it may have consequences for certain investors with portfolio mandates to invest in transition or equivalently labelled assets and consequently, Noteholders could lose part of their investment in the Notes. In addition, the Issuer may not

provide any reports (including any auditors reports) and/or any third party opinions on the use of proceeds of the Notes and therefore no external opinion will be provided as to the definition of the notion of “transition” adopted by the Issuer. Even if it is the intention of the Issuer to comply with the core components in terms of use of proceeds, process for project evaluation and selection, management of proceeds and reporting, it would not be an event of default under the Notes if the Issuer failed to comply with such obligations and the holders of such Notes would have no recourse against the Issuer.

Therefore, no assurance can be provided to investors that the Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Similarly, the Notes or the activities or projects they finance (or refinance) may not produce the results or outcomes (whether or not related to environmental, sustainable, transition or equivalently labelled objectives) originally expected or anticipated by the Issuer. The allocation of the funds deriving from the Notes may not satisfy, in whole or in part, future legislative or regulatory requirements, or current or future investor expectations regarding investment criteria or guidelines that any investor or its investments are required to comply with under its own articles of association or other rules that may be applicable to it or under portfolio management mandates. In addition, regarding Transition Notes, due to the absence of a framework and of a third party opinion, it may be more difficult for the holders of Transition Notes to assess the extent to which these projects may meet their investment requirements.

If the “green”, “social”, “sustainable”, “transition” or equivalently labelled Notes to be issued to finance and/or refinance any Eligible Projects were listed or admitted to trading on a specific segment of any stock exchange for such Notes, or included in an index or indices, neither the Issuer, the Arranger nor any Dealer makes any representation as to the satisfaction of such Notes to fulfil the criteria of such specific segments, index or indices, and, if such Notes were listed or admitted to trading, that any such listing or admission to trading, or inclusion in such index or indices, will be maintained during the life of such Notes.

Any failure to use an amount equal to the net proceeds from such Notes on Eligible Projects or to meet or continue to meet the investment requirements of certain environmentally, socially, sustainably, transition or other labelled projects focused investors with respect to such Notes may affect the value and/or liquidity of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green, social, sustainable, transition or equivalently labelled assets and consequently, Noteholders could lose part of their investment in the Notes.”

3. USE OF PROCEEDS

On page 127 of the Base Prospectus, the section entitled “Use of Proceeds” is deleted and replaced as follows:

“Use of Proceeds

An amount equal to the net proceeds of the issue of the Notes will be used for (i) the Issuer’s general corporate purposes or (ii) any other purpose stated in the relevant Final Terms such as, without limitation, the funding of sustainable development assets or, through the issue of of Transition Notes (as defined below), the funding of transition eligible assets.

Sustainable development bonds include green bonds (“**Green Bonds**”), social bonds / human development and social bonds / local economic development (together, “**Social Bonds**”) or any other category specified in the relevant Final Terms, in accordance with the framework of sustainable development bond program of Groupe BPCE (as amended from time to time) published in the dedicated section of the Issuer’s website.

In relation to Green Bonds, and as further described or completed in the relevant Final Terms, the Issuer intends to allocate an amount equal to the proceeds of the issuance of the Notes, directly or indirectly, including by way of an intra-group loan to the Banques Populaires, the Caisses d’Epargne, Natixis or their respective subsidiaries, to finance or refinance, in whole or in part, eligible loans for green assets and/or projects as defined in the relevant Final Terms with reference to the relevant category of Issuer’s methodology note for Green Bonds (as amended from time to time) published in the dedicated section of the Issuer’s website. It is the intention of the Issuer that the Green Bonds will contribute to one or several of the United Nations Sustainable Development Goals. The above-mentioned methodology note will describe, in addition to the eligibility criteria, the management of proceeds, the reporting and the external reviews (second party opinion and verification) applicable for the relevant category of Green Bonds.

In relation to Social Bonds, and as further described or completed in the relevant Final Terms, the Issuer intends to allocate an amount equal to the proceeds of the issuance of the Notes, directly or indirectly, including by way of an intra-group loan to the Banques Populaires, the Caisses d’Epargne, Natixis or their respective subsidiaries to finance or refinance, in whole or in part, eligible loans for social assets and/or projects as defined in the relevant Final Terms with reference to the relevant category of Issuer’s methodology note for Social Bonds (as amended from time to time) published in the dedicated section of the Issuer’s website. It is the intention of the Issuer that the Social Bonds will contribute to one or several of the United Nations Sustainable Development Goals. The above-mentioned methodology note will describe, in addition to the eligibility criteria, the management of proceeds, the reporting and the external reviews (second party opinion and verification) applicable for the relevant category of Social Bonds.

For the avoidance of doubt, the relevant Final Terms of Green or Social Bonds will provide the relevant details such as references to the applicable framework and methodology note (defining *inter alia* the selection criteria for eligible assets or loans) under which such Notes are issued. The Final Terms may direct at a relevant section of the website of the Issuer to provide such information.

In relation to transition bonds, as further described or completed in the relevant Final Terms, the Issuer intends to allocate an amount equal to the net proceeds of the Notes (the “**Transition Notes**”) to finance or refinance, in whole or in part, Eligible Transition Assets, as defined below.

“**Eligible Transition Assets**” are project loans (chosen for their high CO₂ equivalent emissions reduction potential and/or contribution to a low carbon economy (as enabler)) and/or corporate loans contributing to energy transition, which list may be provided in the relevant Final Terms:

- (i) which are included in the following sectors considered as relevant with the energy transition purpose: transport, power, oil & gas, mining & metals and building materials;

- (ii) which are selected on Natixis' balance sheet; and
- (iii) which meet the eligibility criteria for each sector based on transition levers to capture the sector transition, which may be:
 - project loans selected on the basis of Natixis in-house Green Weighting Factor (“**GWF**”) mechanism (details available on Natixis' website: https://www.natixis.com/natixis/fr/green-weighting-factor-et-alignment-2c-rqaz5_111931.html), using a detailed sector-based methodology whereby each financing transaction is assigned a climate and environmental rating on a seven-level color scale ranging from dark brown to dark green. The GWF-based asset selection introduces a minimum color rating per sector ensuring an appropriate transition risk mitigation (such as CO₂ emission factors, energy efficiency, geographical context, *ad hoc* infrastructures) and transition opportunity seizing (such as final use of the product, supporting the development of renewables or of low carbon gases), while mitigating the environmental and social risks associated with the underlying projects (in application of the Equator Principles);
 - corporate loans limited to sustainability-linked loans, as defined in the LMA Sustainability Linked Loan Principles, with key performance indicators (“**KPIs**”) related to climate and energy transition (it being specified that the performance of the Notes will not be indexed on the performance of such KPIs).

The contemplated Transition Notes are based on an internal methodology for transition asset eligibility definition and selection process, which would respect the four main governance pillars included in the ICMA Green Bond Principles. This methodology is coherent and consistent with BPCE and Natixis climate and energy transition strategies, and has been internally documented, based on such eligibility criteria, with a selection process and reporting leads.

Until full allocation of the net proceeds of the relevant issue of Transition Notes, the Issuer will disclose an allocation reporting to the Noteholders of such Transition Notes and, on a best efforts basis, elements of impact reporting.

The methodology and the allocation reporting will not be externally reviewed by any third party and will not be the subject of a second party opinion.”

4. RECENT DEVELOPMENTS

On page 128 of the Base Prospectus, a new section entitled “Recent Developments” is included as follows:

“Recent Developments

The Issuer has published the following press release:

“Groupe BPCE’s and Natixis’ prudential capital requirements that had been set by the ECB for 2020 remain in force in 2021

November 30, 2020

Groupe BPCE and Natixis are positioned well above the prudential capital requirements applicable in 2021 as laid down by the European Central Bank following the Supervisory Review and Evaluation Process (SREP).

Groupe BPCE has received notification from the European Central Bank concerning the results of the Supervisory Review and Evaluation Process (SREP) for 2020, stating that the level of prudential capital requirements for 2020 remains in force in 2021.

The Common Equity Tier 1 (CET1) ratio applicable to Groupe BPCE on a consolidated basis has been set at 9.32% as of January 1st, 2021, including:

- 1.31% with respect to the “Pillar 2 requirement” (excluding “Pillar 2 guidance”^[1]);
- 2.5% with respect to the capital conservation buffer;
- 1% with respect to the capital buffer for global systemically important banks (G-SIBs);
- 0.01% with respect to the countercyclical buffers.

The total capital requirement has been set at 13.26% (excluding “Pillar 2 guidance”^[1]).

With ratios as at September 30th, 2020 of 15.9% for its CET1 ratio and 18.7% for its total capital ratio, Groupe BPCE is positioned well above the prudential capital requirements due to be applied on January 1st, 2021.

Natixis’ prudential capital requirements also remain unchanged as of January 1st, 2021 and stand at 8.29% for the CET1 ratio, of which 1.26% with respect to the “Pillar 2 requirement”, 2.5% with respect to the capital conservation buffer and 0.03% with respect to the countercyclical buffers.

With a fully-loaded CET1 ratio of 11.7% as at September 30th, 2020 (11.2% proforma for the impacts, notably regulatory, expected in 4Q20-2021), Natixis is well above these regulatory requirements.

[1] The total CET1 ratio requirement set by the ECB, including the “Pillar 2 guidance” component, is not intended to be published.”

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE FIRST SUPPLEMENT TO THE BASE PROSPECTUS

In the name of the Issuer

I declare, to the best of my knowledge, that the information contained in this First Supplement is in accordance with the facts and that it contains no omission likely to affect its import.

BPCE
50 avenue Pierre Mendès-France
75013 Paris
France

Duly represented by:
Jean-Philippe BERTHAUT
Head of Group Funding
Duly authorised
on 8 December 2020



Autorité des marchés financiers

This First Supplement has been approved on 8 December 2020 under the approval number n°20-587 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this First Supplement after having verified that the information it contains is complete, coherent and comprehensible.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this First Supplement. Investors should make their own assessment of the opportunity to invest in such Notes.