



BANQUE PALATINE
(société anonyme à conseil d'administration)

€ 5,000,000,000

Euro Medium Term Note Programme

This prospectus supplement no. 2 (the "**Prospectus Supplement no. 2**") constitutes a second supplement to and must be read in conjunction with the Base Prospectus dated **24 June 2022** which received visa no. **22-244** from the *Autorité des marchés financiers* (the "**AMF**") on **24 June 2022** (the "**Base Prospectus**") prepared by **Banque Palatine** (the "**Issuer**") with respect to its Euro 5,000,000,000 Euro Medium Term Note Program (the "**Program**") as supplemented by the first Prospectus Supplement dated 09 August 2022 which received visa no. 22-340 from the *Autorité des marchés financiers* (the "**AMF**") on 09 August 2022 (the "**Prospectus Supplement no. 1**"). The Base Prospectus as supplemented by the Prospectus Supplement no.1 and by this Prospectus Supplement no.2 constitutes a base prospectus for the purpose of Article 8 of the Prospectus Regulation to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Regulation**").

Terms defined in the Base Prospectus and in the Prospectus Supplement no. 1 shall have the same meaning when used in this Prospectus Supplement no. 2.

This Prospectus Supplement no. 2 has been prepared pursuant to Article 23 of the Regulation (EU) 2017/1129 (the Prospectus Regulation) for the purpose of giving information with regard to the Issuer and the notes to be issued under the Program additional to the information already included or incorporated by reference in the Base Prospectus.

This Prospectus Supplement no. 2, the Base Prospectus, the Prospectus Supplement no. 1 and any documents incorporated by reference herein and therein will be published on the website of the Issuer (<https://www.palatine.fr>) and filed with the AMF.

Pursuant to Article 23 of the Regulation (EU) 2017/1129 (the Prospectus Regulation), investors who have already accepted to purchase or subscribe for any Notes to be issued under the Program before this Prospectus Supplement no. 2 is published, shall have the right, exercisable within a time limit which shall not be shorter than two working days after the publication of this Prospectus Supplement no. 2 i.e. 16 february 2023, to withdraw their acceptance, provided that the new factor, material mistake or inaccuracy was prior to the final closing of the public offer and delivery of the financial securities. Investors who wish to exercise this right may contact their usual Banque Palatine interlocutor.



The supplement to the prospectus was approved on February 14, 2023 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF approves this document after verifying that the information contained in the prospectus is complete, consistent and understandable within the meaning of Regulation (EU) 2017/1129.

This approval should not be considered as a favourable opinion on the issuer covered by the supplement.

The supplement to the prospectus has the following approval number: 23-035

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RISK FACTORS

On page 12, the risk factor « A substantial increase in new asset impairment charges or a shortfall in the level of previously recorded asset impairment charges in respect of Banque Palatine's loans and receivables portfolio could have significant adverse effect on its results of operations and financial condition » is deleted in its entirety and replaced with the following:

In connection with Banque Palatine's lending activities, Banque Palatine periodically establishes asset impairment charges, whenever necessary, to reflect actual or potential losses in respect of its loans and receivables portfolio, which are recorded in its profit and loss account under "cost of risk". Banque Palatine's overall level of such asset impairment charges is based upon Banque Palatine's assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although Banque Palatine uses its best efforts to establish an appropriate level of asset impairment charges, Banque Palatine's lending businesses may have to increase their charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions or factors affecting particular countries (please also refer to the risk factor entitled "Unforeseen events (such as the sanitary crisis related to the Covid-19) may cause an interruption of Banque Palatine's operations and cause substantial losses as well as additional costs"). Any significant increase in charges for loan losses or a significant change in the estimate of the risk of loss inherent in Banque Palatine's portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have a significant adverse effect on Banque Palatine's results of operations and financial condition.

As of 31 December 2022, the annual cost of risk came to €56.2 million in 2022, up €17.2 million from its 2021 level. However, it reflects a prudent provisioning policy with an allocation to provisions on healthy outstandings (status 1 and 2) of €10.8 million compared to a net reversal of €14.6 million in 2021. At the same time, the affected cost of risk (Status 3) fell by 15% compared to 2021 to €45.4 million (vs. €53.6 million in 2021).

Consequently, the risk associated with a significant increase in asset impairment expenses recorded on the Issuer's loan and receivable outstandings is significant for the Issuer in terms of impact and probability, and is therefore monitored carefully and proactively.

DOCUMENTS INCORPORATED BY REFERENCE

On page 48, the section headed "DOCUMENTS INCORPORATED BY REFERENCE" of the Base Prospectus is deleted in its entirety and replaced with the following:

This Base Prospectus should be read and construed in conjunction with the information which are identified in the cross reference table below contained in the following documents which shall be incorporated in, and shall be deemed to form part of, this Base Prospectus:

- (a) the 2021 annual financial report (the "**2021 Financial Report**") of the Issuer in English language which includes the consolidated financial statements for the fiscal year ended 31 December 2021, together with the explanatory notes and the related auditors reports;
<https://www.img.palatine.fr/app/uploads/sites/35/2022/05/16152942/banque-palatine-financial-report-2021.pdf>
- (b) the 2020 annual financial report (the "**2020 Financial Report**") of the Issuer in English language which includes the consolidated financial statements for the fiscal year ended 31 December 2020, together with the explanatory notes and the related auditors reports;
<https://www.img.palatine.fr/app/uploads/sites/35/2022/03/10172537/banque-palatine-financial-report-2020.pdf>
- (c) the sections "Terms and Conditions of the Notes" of the following base prospectuses:
 - (i) the base prospectus dated 25 June 2021 (pages 48 to 80) (the "**2021 EMTN Conditions**");
<https://www.img.palatine.fr/app/uploads/sites/35/2022/03/11162304/banque-palatine-2021-base-prospectus.pdf>
 - (ii) the base prospectus dated 25 June 2020 (pages 47 to 80) (the "**2020 EMTN Conditions**" and together with the 2021 EMTN Conditions, the "**EMTN Previous Conditions**").
<https://www.img.palatine.fr/app/uploads/sites/35/2022/03/11163405/banque-palatine-update-2020-base-prospectus.pdf>
- (d) the press release "Résultats du premier semestre 2022 : Des résultats financiers et commerciaux en forte progression confirmant les ambitions du plan stratégique UP 2024 ; Un coefficient d'exploitation maîtrisé ; Une gestion prudente des risques" in French language, published on 03 August 2022, which includes non-audited condensed financial statements as of 30 June 2022; (the "**2022 Semi Annual Results Press Release**").
<https://www.img.palatine.fr/app/uploads/sites/35/2022/08/03173653/cpf-03082022-resultat-s12022.pdf>
- (e) the interim financial report as of June 2022 (the "**2022 Interim Financial Report**") of the issuer in French language, which includes non-audited condensed financial statements, notes to the financial statements as well as auditor's limited review report.
<https://www.img.palatine.fr/app/uploads/sites/35/2022/08/05165831/banque-palatine-rapport-financier-s1-2022.pdf>
- (f) the press release "Des résultats 2022 solides qui confortent la capacité de la Banque Palatine à accompagner le développement de ses clients face aux enjeux économiques et environnementaux" in French language, published on 9 February 2023, which includes unaudited condensed financial statements for the fiscal year ended 31 December 2022 (the "**2022 Annual Results Press Release**").
<https://www.img.palatine.fr/app/uploads/sites/35/2023/02/09085349/cp-palatine-resultats-2022.pdf>

For the sake of clarity, sections not identified in the table below shall not form part of this Base Prospectus and are either not relevant for the investors or covered elsewhere in this Base Prospectus. Any statement contained in the documents incorporated by reference shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any websites included in this Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Base Prospectus (including, for the avoidance of doubt, any information on the websites which appear in the documents incorporated by reference) refers does not form part of this Base Prospectus and has not been scrutinised or approved by the AMF.

For as long as any Notes are outstanding, all documents incorporated by reference into this Base Prospectus may be obtained, free of charge at the registered office of the Issuer during normal business hours, and will be available on the website of the Issuer (www.palatine.fr) and on the following website : <https://www.info-financiere.fr/pages/home/>.

Cross Reference Table - Annex VI of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation

	2022 Annual Results Press Release	2022 Interim Financial Report¹	2022 Semi Annual Results Press Release	2021 Financial Report	2020 Financial Report
4. INFORMATION ABOUT THE ISSUER					
4.1.5 Details of any recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency		Page 5	Pages 1 to 3	Pages 4 to 16	Pages 6 to 18
7. TREND INFORMATION					
7.2 Information of any known trends		Pages 8 to 13	Pages 1 to 3	Page 15	Pages 17 to 18 and 72
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES					
11.1 Historical Financial Information					
11.1.1 Audited historical financial information				Pages 62 to 182	Pages 65 to 185
11.1.6 Consolidated financial statements	Pages 1 to 4			Pages 62 to 182	Pages 65 to 185
11.2 Interim and other financial information	Pages 1 to 4	Pages 18 to 100	Pages 1 to 3	Not Applicable	Not Applicable
11.3 Auditing of historical annual financial information		Pages 15 to 17		Pages 183 to 195	Pages 186 to 195
11.3.1 a Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason				Page 184	Page 187

¹ The page numbers in this table correspond to the continuous numbering of the 2022 Interim Financial Report

must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.					
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The EMTN Previous Conditions are incorporated by reference into the Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilées*) and form a single Series with Notes already issued under the relevant EMTN Previous Conditions.

<i>EMTN Previous Conditions</i>	
2021 EMTN Conditions	Pages 48 to 80
2020 EMTN Conditions	Pages 47 to 80

Non-incorporated parts of the base prospectuses of the Issuer dated 25 June 2021 and 25 June 2020 respectively are not relevant for investors.

DESCRIPTION OF THE ISSUER

On page 321, the paragraph “Description of known trends affecting the Issuer and the markets in which it operates” of the section headed “DESCRIPTION OF THE ISSUER” of the Base Prospectus is deleted in its entirety and replaced with the following:

1*) Commercial banking

Corporate Market

In a context of economic uncertainties and a significant rise in interest rates, the commercial results for corporate customers proved to be very solid:

- Exceptional commercial performance for the production of medium and long-term loans (excluding PGE) of €1.818 billion +40.4% vs. 2021) with the continued development of the “Originate To Distribute” model aimed at improving Banque Palatine’s balance sheet;
- Continuation of the conquest of new customers (companies generating a turnover of more than €15 million) with 284 new relationships over the year (vs. 228 in 2021).

Commercial dynamism has also enabled:

- The production of numerous proposals for tailor-made advice in project financing which favored the production of structured loans over the year;
- The reinforcement of the equipment of customers in specialized financial solutions from the BPCE group with significant successes in particular in the production of leasing and employee savings contracts.

Private banking market

Commercial activity in the private customer market was marked by the profound transformation of the network carried out in 2022. In this context, the main results related to:

- The conquest: 570 contact entries;
- housing loans with outstandings up slightly (+0.8%) at €2.5 billion;
- growth in discretionary management with a 32% increase in assets.

Subsidiaries

Palatine Asset Management recorded a net result of €4.8 million in 2022, down from the 2021 result (-17%). In an unfavorable market environment, its assets under management remained at 5.1 billion euros (-1.2%).

2*) Financial activities

The 2021 financial year was marked by a context of still relatively low interest rates.

In this environment, Banque Palatine invested €130 million during the year, mainly in euro zone sovereign bonds. The overall outstanding amount of the Bank's bond portfolio stood at €933 million at the end of 2021.

This portfolio is intended to constitute the liquidity reserve of the Liquidity Coverage Ratio (LCR). By being mobilizable with the Central Bank, these securities also constitute a security for the refinancing of the Bank.

The Bank's financial strategy is in line with the regulatory ratios set by the group. The Liquidity Coverage Ratio (LCR) was always above 100% in 2021.

The Bank's funding is provided by its customers' deposits through a full range of investment products. The ratio of loans to customer deposits (CERC) was close to 100% at the end of the year. Thus, the Bank has a significant base of customer deposits which enables it to ensure its commercial development. Indeed, although outstanding loans continue to grow, the solvency ratio was maintained throughout the year at high levels (12.37% at the end of 2021).

- The Bank's balance sheet management maintained its objectives in 2021, by limiting liquidity and interest rate risks: the management of short-term and medium-long-term liquidity has, as its first objective, to ensure the refinancing of the Bank while guaranteeing attractive credit conditions for customers;
- the second objective is the strict control of interest rate risk on the balance sheet. This framework allows Banque Palatine to control the variations in profitability that could result from a change in interest rates. Through its balance sheet management, the Bank thus prepares for future variations in rates. The residual gap measuring the overall interest rate risk is now negative, which means that the Bank's balance sheet is favorably exposed to a rise in interest rates.

GENERAL INFORMATION

On page 338 of the Base Prospectus, the paragraphs 2 is deleted in its entirety and replaced with the following:

2. To the extent that Notes issued by the Issuer under the Programme may constitute obligations under French law, the issue of such Notes has been authorised by a resolution of the Issuer's Conseil d'Administration (Board of Directors) dated 8 February 2023 which has delegated to Didier Moaté, Chief Executive Officer (Directeur Général), Patrick Ibry, Deputy Chief Executive Officer (Directeur Général Délégué), Sylvie Ferrier, Chief Financial Officer (Directrice Desk Finances clients), Tarek Akrouf, Customer Desk Director (Directeur Desk Clientèle), Fawzi Terranti, Trader (Opérateur de Marché) and Julien Martin, Trader (Opérateur de Marché), acting jointly or separately, the power to decide issues of obligations and assimilated securities for a maximum aggregate nominal amount of EUR 400,000,000 within a period of one year ending 8 February 2024.
3. Save as disclosed in this Base Prospectus, there has been no significant change in the financial performance or financial position of the Group since 31 December 2022.

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS SUPPLEMENT NO. 2

Tarek Akrouit, *Directeur Desk Commercial*

Declaration by the person responsible for the Prospectus Supplement no. 2

I hereby certify that, to the best of my knowledge, the information contained in this Prospectus Supplement no. 2 (when read together with the Base Prospectus) is in accordance with the facts and contains no omission likely to affect its import.

Paris, 14 February 2023

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75 008 Paris
France

duly represented by **Tarek Akrouit**, *Directeur Desk Commercial*