

SUPPLEMENT N°2 DATED 25 JANUARY 2017
TO THE BASE PROSPECTUS DATED 27 JULY 2016



CRÉDIT MUTUEL ARKÉA
€13,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

This supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 27 July 2016 (the “**Base Prospectus**”) and the supplement to the Base Prospectus dated 9 September 2016 (the “**First Supplement**”) prepared in relation to the €13,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) for the issue, from time to time, subject to compliance with all relevant laws, regulations and directives, of notes (the “**Notes**”) by Crédit Mutuel Arkéa (the “**Issuer**”). Unless the context otherwise requires, terms defined in the Base Prospectus have the same meaning when used in this Second Supplement.

On 27 July 2016, the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) approved the Base Prospectus as a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC of 4 November 2003 as amended (the “**Prospectus Directive**”) in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended, which implements the Prospectus Directive in Luxembourg (the “**Luxembourg Law**”).

Application has been made to the CSSF for approval of this Second Supplement as a supplement to the Base Prospectus for the purposes of article 16 of the Prospectus Directive and article 13 of Luxembourg Law, as amended.

This Second Supplement has been produced for the purposes of supplementing the following sections of the Base Prospectus:

- “SUMMARY OF THE PROGRAMME” (pages 6 *et seq.* of the Base Prospectus);
- “RÉSUMÉ EN FRANCAIS DU PROGRAMME” (pages 21 *et seq.* of the Base Prospectus);
- “RISK FACTORS” (pages 36 *et seq.* of the Base Prospectus);
- “DOCUMENTS INCORPORATED BY REFERENCE” (pages 54 *et seq.* of the Base Prospectus); and
- “RECENT DEVELOPMENTS” (pages 95 *et seq.* of the Base Prospectus);

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SUMMARY

The last paragraph of the section entitled “Key risks regarding the Issuer” in part D.2 of the Summary on page 16 of the Base Prospectus is hereby deleted and replaced with the following:

| | | |
|------------|---------------------------------------|---|
| D.2 | Key risks regarding the Issuer | <p>The Issuer has been involved in some legal disputes since late 2014 with the Confédération Nationale du Crédit Mutuel (the “CNCM”), the central body of the Crédit Mutuel, relating to alleged conflicts of interests. Such disputes essentially relate to the exercise by the CNCM of its administrative, technical and financial supervision and the use of the “Crédit Mutuel” name. Since October 2016, the Issuer is also involved in a sanction procedure initiated by CNCM which resulted in a decision of the <i>Conseil d’administration</i> of CNCM, acting as a disciplinary body, passed on 11 January 2017 imposing a “<i>blâme</i>” on the Issuer. In a press release dated 11 January 2017, the Issuer indicated that this sanction, which is purely political and internal to the Crédit Mutuel organization, has no impact on its activities and that of the Group and will be challenged by the Issuer. At this stage, there can be no assurance as to how the conflict between the Issuer and CNCM may develop and/or as to when such conflict may be resolved nor the impact it may have on the activities of the Issuer and/or the Group were the Issuer to remain a part of the Crédit Mutuel organization or become a fully autonomous banking group and, accordingly, on the value of the Notes.</p> |
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RÉSUMÉ EN FRANÇAIS DU PROGRAMME

The last paragraph of the section entitled “*Risques clés propres à l’Emetteur*” in part D.2 of the Summary on page 31 of the Base Prospectus is hereby deleted and replaced with the following:

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| D.2 | Risques clés propres à l’émetteur | <p>L’émetteur est impliqué dans des litiges depuis la fin 2014 avec la Confédération Nationale du Crédit Mutuel (la “CNCM”), l’organisme central du Crédit Mutuel, relatif à des conflits d’intérêts potentiels. Ces litiges concernent pour l’essentiel l’exercice de la supervision administrative, technique et financière par la CNCM ainsi que l’usage du nom « Crédit Mutuel ». Depuis octobre 2016, l’Emetteur fait l’objet d’une procédure de sanction engagée par la CNCM qui a donné lieu à une décision du Conseil d’administration de la CNCM, agissant en tant qu’instance disciplinaire, prise le 11 janvier 2017 prononçant un blâme à l’encontre de l’Emetteur. Dans un communiqué de presse en date du 11 janvier 2017, l’Emetteur a indiqué que cette sanction, purement politique et interne à l’organisation du Crédit Mutuel n’a pas d’impact sur ses activités et celles du Groupe et sera contestée par l’Emetteur. A ce stade, il n’y a pas de certitude sur la manière dont ce conflit entre l’Emetteur et la CNCM pourrait évoluer et/ou sur l’échéance à laquelle il pourrait se résoudre, ou sur l’impact qu’il pourrait avoir sur l’Emetteur et/ou le Groupe, dans l’hypothèse où l’Emetteur resterait partie de l’ensemble Crédit Mutuel ou deviendrait un groupe bancaire totalement autonome, ou sur la valeur des Titres.</p> |
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RISK FACTORS

The paragraph entitled “*Risk Factors relating to the Issuer and its activity*” in the Risk Factors section of the Base Prospectus on page 36 is hereby deleted and replaced in its entirety with the following:

“Risk Factors relating to the Issuer and its activity

The Issuer is subject to several categories of risks inherent in banking activities, which include, inter alia, credit risks, market, liquidity and financing risks, as well as operational risks.

Investors are invited to read the detailed information on risk factors relating to the Issuer and its activity set out in the 2015 Registration Document (pages 159 to 194) incorporated by reference herein (See “Documents Incorporated by Reference”).

The Issuer has been involved in some legal disputes since late 2014 with the Confédération Nationale du Crédit Mutuel (the “CNCM”), the central body of the Crédit Mutuel, relating to alleged conflicts of interests. Such disputes essentially relate to the exercise by the CNCM of its administrative, technical and financial supervision and the use of the “Crédit Mutuel” name. These disputes have resulted in a number of court cases involving the Issuer and the CNCM. A number of press releases have been published by both the Issuer and the CNCM relating to this dispute including those published by the Issuer on 6 and 13 October 2014, 18 May 2016, 12 and 21 October 2016, 13 December 2016 and 11 January 2017. Potential investors are referred to the information contained in these press releases which are incorporated by reference in, or set out in the section “Recent Developments” of, the Base Prospectus for a more detailed description of the disputes. On 3 May 2016, the Issuer opened talks with the CNCM in order to acknowledge the existence of two autonomous and competing banking groups, namely Credit Mutuel Arkea and CM11-CIC. This proposal was rejected by the CNCM. The Issuer published a press release on 18 May 2016 insisting on its desire to operate as a fully autonomous banking group, which desire was reaffirmed by a 96.4%-majority vote on 19 and 21 October 2016 of the three *fédérations* of the Issuer (*Bretagne, Massif Central* and *Sud-Ouest*). Since October 2016, the Issuer has also been involved in a sanction procedure initiated by CNCM which resulted in a decision of the *Conseil d’administration* of CNCM, acting as a disciplinary body, passed on 11 January 2017 imposing a “*blâme*” on the Issuer. In a press release dated 11 January 2017, the Issuer indicated that this sanction, which is purely political and internal to the Crédit Mutuel organization, has no impact on its activities and that of the Group and will be challenged by the Issuer.

At this stage, there can be no assurance as to how the conflict between the Issuer and CNCM may develop and/or as to when such conflict may be resolved nor the impact it may have on the activities of the Issuer and/or the Group were the Issuer to remain a part of the current Crédit Mutuel organization or become a fully autonomous banking group and, accordingly, on the value of the Notes.”

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” of the Base Prospectus on pages 54 to 57 is hereby deleted and replaced in its entirety with the following:

“DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously published and filed with the CSSF and which are incorporated by reference in, and shall be deemed to form part of, this Base Prospectus:

- (a) the sections referred to in the table below, included in the English translation of the 2015 registration document of the Issuer - filed with the French *Autorité des marchés financiers* under reference D.16-0306 on 8 April 2016 (the "**2015 Registration Document**") containing the audited consolidated annual financial statements and audit report for the financial year ended 31 December 2015 of the Issuer (the "**2015 Consolidated Financial Statements**");
- (b) the sections referred to in the table below, included in the English translation of the 2014 registration document of the Issuer (the "**2014 Registration Document**") containing the English language version of the audited consolidated annual financial statements and audit report for the financial year ended 31 December 2014 of the Issuer (the "**2014 Consolidated Financial Statements**");
- (c) the press releases published by the Issuer dated 6 and 13 October 2014, 12 and 21 October 2016 and 13 December 2016, respectively, (the "**Press Releases**"); and
- (d) the sections "Terms and Condition of the Notes" of the following bases prospectuses relating to the Programme (i) base prospectus dated 21 July 2015 (pages 56 to 87) (the "**2015 EMTN Conditions**"), (ii) base prospectus dated 13 June 2014 (pages 48 to 73) (the "**2014 EMTN Conditions**"), (iii) base prospectus dated 11 June 2013 (pages 39 to 61) (the "**2013 EMTN Conditions**"), (iv) base prospectus dated 29 May 2012 (pages 38 to 63) (the "**2012 EMTN Conditions**"), (v) base prospectus dated 27 May 2011 (pages 37 to 61) (the "**2011 EMTN Conditions**"), (vi) base prospectus dated 27 May 2010 (pages 39 to 63) (the "**2010 EMTN Conditions**"), (vii) base prospectus dated 25 May 2009 (pages 35 to 60) and its supplement dated 30 March 2010 (page 7) (the "**2009 EMTN Conditions**"), (viii) base prospectus dated 10 July 2008 (pages 41 to 65) and its supplement dated 26 March 2009 (page 2) (the "**2008 EMTN Conditions**"), (ix) base prospectus dated 13 July 2007 (pages 30 to 54) (the "**2007 EMTN Conditions**"), (x) base prospectus dated 12 July 2006 (pages 27 to 51) (the "**2006 EMTN Conditions**"), (xi) offering circular dated 5 September 2005 (pages 26 to 50) (the "**2005 EMTN Conditions**") and (xii) offering circular dated 23 June 2004 (pages 15 to 47) (the "**2004 EMTN Conditions**", together with the 2014 EMTN Conditions, the 2013 EMTN Conditions, the 2012 EMTN Conditions, the 2011 EMTN Conditions, the 2010 EMTN Conditions, the 2009 EMTN Conditions, the 2008 EMTN Conditions, the 2007 EMTN Conditions, the 2006 EMTN Conditions and the 2005 EMTN Conditions, the "**EMTN Previous Conditions**") for the purpose only of further issue of Notes to be assimilated (*assimilables*) and form a single series with Notes already issued under the relevant EMTN Previous Conditions.

All documents incorporated by reference in this Base Prospectus may be obtained without charge, on request, at the principal offices of the Issuer and the Paying Agent set out at the end of this Base Prospectus during normal business hours so long as any of the Notes are outstanding. Such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below. Any information not listed in the cross reference list but included in the documents incorporated by reference is considered as additional information, is not required by the schedules of the Commission Regulation (EC) No 809/2004 of April 2004, as amended and is given for information purposes only.

| INFORMATION INCORPORATED BY REFERENCE (Annex XI of the European Regulation 809/2004/EC) | REFERENCE |
|---|---|
| 2. STATUTORY AUDITORS. | |
| 2.1. Names and addresses of the Issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body). | Page 254 of the 2015 Registration Document |
| 2.2. If auditors have resigned, been removed or not been reappointed during the period covered by the historical financial information, details if material. | Not Applicable |
| 3. RISK FACTORS | |
| 3.1. Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed «Risk Factors». | Pages 159 to 194 of the 2015 Registration Document |
| 4. INFORMATION ABOUT THE ISSUER | |
| 4.1. History and development of the Issuer | Page 11 of the 2015 Registration Document |
| 4.1.1. the legal and commercial name of the issuer | Page 250 of the 2015 Registration Document |
| 4.1.2. the place of registration of the issuer and its registration number | Page 250 of the 2015 Registration Document |
| 4.1.3. the date of incorporation and the length of life of the issuer | Page 250 of the 2015 Registration Document |
| 4.1.4. the domicile and legal form of the issuer, applicable law, its country of incorporation, and the address and telephone number of its registered office | Page 250 of the 2015 Registration Document |
| 4.1.5. any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency. | Page 11, 74 and 152 of the 2015 Registration Document |
| 5. BUSINESS OVERVIEW | |
| 5.1. Principal activities: | Pages 12 to 17 of the 2015 Registration Document |
| 5.1.1. A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed | Pages 12 to 17 of the 2015 Registration Document |

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| | Document |
| 5.1.2. An indication of any significant new products and/or activities | Pages 19 to 22 of the 2015 Registration Document |
| 5.1.3. Principal markets A brief description of the principal markets in which the issuer competes | Pages 8 and 9 of the 2015 Registration Document |
| 6. ORGANISATIONAL STRUCTURE | |
| 6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it. | Pages 8, 9 and 23 of the 2015 Registration Document |
| 7. TREND INFORMATION | |
| 7.2 Information on any known trend | Page 74 of the 2015 Registration Document, All pages of the Press Releases |
| 9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES | |
| 9.1. Names, business addresses and functions in the issuer and an indication of the principal activities performed outside the issuer of: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital. | Pages 26 to 34 of the 2015 Registration Document Not Applicable. |
| 9.2. Administrative, Management, and Supervisory bodies conflicts of interests | Page 58 of the 2015 Registration Document |
| 10. MAJOR SHAREHOLDERS | |
| 10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused. | Page 250 of the 2015 Registration Document |
| 10.2 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer. | Page 250 of the 2015 Registration Document |
| 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES | |
| <u>11.1 Historical financial information</u> | |
| <i>2014 Registration Document</i> | |
| - Balance sheet | Pages 50 to 51 of the 2014 Registration Document |
| - Income Statement | Pages 52 of the 2014 Registration Document |
| - Change in shareholders' equity | Pages 54 and 55 of the 2014 Registration Document |
| - Statement of cash flows | Pages 56 and 57 of the 2014 Registration Document |
| - Notes | Pages 58 to 109 of the 2014 Registration Document |

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| - Auditors' report on the 2014 Consolidated Financial Statements | Pages 174 to 175 of the 2014 Registration Document |
| 2015 Registration Document | |
| - Balance sheet | Pages 76 and 77 of the 2015 Registration Document |
| - Income Statement | Page 78 of the 2015 Registration Document |
| - Change in shareholders' equity | Pages 80 and 81 of the 2015 Registration Document |
| - Statement of cash flows | Pages 82 and 83 of the 2015 Registration Document |
| - Notes | Pages 84 to 152 of the 2015 Registration Document |
| - Auditors' report on the 2015 Consolidated Financial Statements | Pages 255 and 256 of the 2015 Registration Document |

The EMTN Previous Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilables*) and form a single series with Notes already issued under the relevant EMTN Previous Conditions.

| INFORMATION INCORPORATED BY REFERENCE | Reference |
|---------------------------------------|---|
| EMTN Previous Conditions | |
| 2015 EMTN Conditions | Pages 56 to 87 |
| 2014 EMTN Conditions | Pages 48 to 73 |
| 2013 EMTN Conditions | Pages 39 to 61 |
| 2012 EMTN Conditions | Pages 38 to 63 |
| 2011 EMTN Conditions | Pages 37 to 61 |
| 2010 EMTN Conditions | Pages 39 to 63 |
| 2009 EMTN Conditions | Pages 35 to 60 of the base prospectus dated 25 May 2009 and page 7 of its supplement dated 30 March 2010 |
| 2008 EMTN Conditions | Pages 41 to 65 of the base prospectus dated 10 July 2008 and page 2 of its supplement dated 26 March 2009 |
| 2007 EMTN Conditions | Pages 30 to 54 |
| 2006 EMTN Conditions | Pages 27 to 51 |
| 2005 EMTN Conditions | Pages 26 to 50 |
| 2004 EMTN Conditions | Pages 15 to 47 |

Non-incorporated parts of the base prospectus of the Issuer dated 21 July 2015, the base prospectus of the Issuer dated 13 June 2014, the base prospectus of the Issuer dated 11 June 2013, the base prospectus of the Issuer dated 29 May 2012, the base prospectus of the Issuer dated 27 May 2011, the base prospectus of the Issuer dated 27 May 2010, the base

prospectus of the Issuer dated 25 May 2009 and its supplement dated 30 March 2010, the base prospectus of the Issuer dated 10 July 2008 and its supplement dated 26 March 2009, the base prospectus of the Issuer dated 13 July 2007, the base prospectus of the Issuer dated 12 July 2006, the offering circular dated 5 September 2005 and the offering circular dated 23 June 2004 are not relevant for investors.”

RECENT DEVELOPMENTS

At the end of the section entitled “Recent Development” on page 96 of the Base Prospectus the following press release is included:

“Press release dated 11 January 2017:

Press Release

Brest, January 11, 2017 – The Board of Directors of the Confédération Nationale du Crédit Mutuel (CNCM) met today in connection with the penalty procedure initiated last October against the Crédit Mutuel Arkéa interfederal savings bank. At the meeting, Crédit Mutuel Arkéa, through its Chairman Jean-Pierre Denis, not only demonstrated the illegality of the procedure and the baselessness of the accusations, but also reaffirmed Crédit Mutuel Arkéa's determination to preserve its autonomy and defend its decentralized cooperative banking model whose operational and economic effectiveness has a proven track record. Jean-Pierre Denis proposed that further discussions be held soon to define the terms and conditions of an orderly separation.

Following the conclusions presented by Pascal Durand, Chief Executive Officer of CNCM, CNCM's Board of Directors eventually issued only one reprimand. This sanction, which is purely political, will naturally be contested by Crédit Mutuel Arkéa.

Of course, this level-one sanction, internal to the Crédit Mutuel organization, does not and will not have any impact on the activity of the Crédit Mutuel Arkéa Group, the three federations (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central) and the 334 local savings banks, which will continue to serve their shareholder members and customers and use their brand, which they own.

Crédit Mutuel Arkéa continues to condemn the serious competition and conflict of interest problems that have existed for many years. Indeed, it is no longer possible for two autonomous and competing groups to coexist within one and the same central body.

Moreover, CNCM's status as an association still does not allow for appropriate European banking supervision.

That is why Crédit Mutuel Arkéa, in keeping with the mandate entrusted last October by more than 96% of its local banks, will pursue all possible avenues to ensure the creation of a dedicated central body, which is now the only feasible way to preserve the group's autonomy and defend jobs in its regions over the long term.

Press contact: Florence Eckenschwiller - +33 2 98 00 01 91 -
florence.eckenschwiller@arkea.com”

Copies of the Base Prospectus, the First Supplement and this Second Supplement may be obtained, without charge on request, at the principal office of the Issuer and the Paying Agents set out at the end of the Base Prospectus during normal business hours so long as Notes are capable of being issued under the Programme. Such documents will also be published on the Issuer's website (http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5038/en/emtn-programme) and on the Luxembourg Stock Exchange's website (www.bourse.lu) at least during a period of twelve (12) months from the date of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Second Supplement. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

Save as disclosed in this Second Supplement, no other significant new factor, material mistake or inaccuracy relating to 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 Second Supplement or any statement incorporated by reference into the Base Prospectus by this Second Supplement and, (b) any statement in or incorporated by reference in the Base Prospectus, as modified by the First Supplement, the statement in (a) above shall prevail.

In accordance with article 16.2 of the Prospectus Directive and article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for securities before first publication of this Second Supplement have the right, exercisable within a limit time of two (2) working days after the publication of this Second Supplement (*i.e.* until 27 January 2017 included), to withdraw their acceptances.