

**PROSPECTUS SUPPLEMENT N° 1 DATED 16 OCTOBER 2020
TO THE BASE PROSPECTUS DATED 9 APRIL 2020**



ARKÉA HOME LOANS SFH
(duly licensed French specialised credit institution)
€13,000,000,000 covered bond programme
for the issue of *obligations de financement de l'habitat*

This supplement (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 9 April 2020 (the "**Base Prospectus**") prepared by Arkéa Home Loans SFH (the "**Issuer**") with respect to the €13,000,000,000 Covered Bond Programme (the "**Programme**") for the issue, from time to time, subject to compliance with all relevant laws, regulations and directives, of covered bonds (the "**Covered Bonds**") which was approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority pursuant to the Regulation (EU) 2017/1129 of the European Parliament and of the Council dated 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") as a base prospectus for the purposes of Article 8 of the Prospectus Regulation on 9 April 2020.

Application has been made to the CSSF in its capacity as competent authority pursuant to the Prospectus Regulation for approval of this Supplement as a supplement to the Base Prospectus.

The CSSF only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The CSSF assumes no responsibility as to the economic and financial soundness of the Covered Bonds and the quality or solvency of the Issuer and such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the securities.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds since the publication of the Base Prospectus.

In accordance with Article 23.2 of the Prospectus Regulation, where the Covered Bonds are offered to the public, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable within a time-limit of two business days after the publication of this Supplement (no later than 20 October 2020) to withdraw their acceptances provided that the new factor, material mistake or material inaccuracy referred to in Article 23.1 of the Prospectus Regulation arose or was noted before the final closing of the offer or the delivery of the Covered Bonds, whichever occurs first. Investors may contact the Issuer should they wish to exercise the right of withdrawal.

The Issuer has prepared this Supplement to its Base Prospectus pursuant to Article 23.1 of the Prospectus Regulation for the purposes of inserting a new section entitled "Recent Developments" in the Base Prospectus and updating the following sections of the Base Prospectus:

- "RISK FACTORS" (pages 15 et seq. of the Base Prospectus);
- "DOCUMENTS INCORPORATED BY REFERENCE" (pages 49 et seq. of the Base Prospectus); and
- "GENERAL INFORMATION" (pages 166 et seq. of the Base Prospectus).

This Supplement will be (a) published on the websites of (i) the Luxembourg Stock Exchange (www.bourse.lu) and (ii) Crédit Mutuel Arkéa (https://www.arkea.com/banque/assurance/credit/mutuel/ecb_5039/fr/home-loans-sfh) and (b) available for inspection and obtainable, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France) and at the specified offices of the Paying Agents.

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RISK FACTORS

Sub subparagraph entitled "*Risks related to the disaffiliation of Arkéa's group from Crédit Mutuel*" of subparagraph 1.2 entitled "*Risks related to the Borrower*" of paragraph 1 entitled "*Risks related to the Issuer*" of the section entitled "*Risk Factors*" on pages 20 to 28 of the Base Prospectus is deleted and replaced by the following:

"

Risk relating to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel

A. Change in the organization of the main players involved in the public stock ownership offering

1) A cooperative banking group independent from the Crédit Mutuel

Crédit Mutuel Arkéa's Board of Directors, held on 17 January 2018, mandated its managers to take any action that would enable Crédit Mutuel Arkéa to become a cooperative banking group independent from the rest of Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial anchoring, its culture of innovation and its intermediate size.

The directors of the local banks and Federations of CM de Bretagne, Sud-Ouest and the Massif Central were invited to vote during the first half of 2018 in an orientation vote. At the end of the consultation process initiated by the local banks of the Crédit Mutuel Arkéa Group and the holding of the Federations' Boards of Directors, the Crédit Mutuel Arkéa Group has officialized the results of the votes of the 307 local banks that were cast. 94.5% of these local banks voted in favour of the proposed independence of the Crédit Mutuel Arkéa Group, which will thus become a cooperative and territorial group, independent from the rest of Crédit Mutuel. This vote acknowledges the Crédit Mutuel Arkéa Group's desire to withdraw from the Crédit Mutuel group and makes it possible to initiate the project aimed at defining the terms and conditions of its disaffiliation in the context of the general decision (the "**DCG**") N° 1-2019, relating to the disaffiliation of the Crédit Mutuel branches at their request.

This project aims to preserve the fundamental characteristics of the cooperative model and the *raison d'être* of the Crédit Mutuel Arkéa Group. It is also a development driver and will enable the Crédit Mutuel Arkéa Group to continue to serve its members, customers and partners.

2) Operational implementation of disaffiliation

The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. The Board of Directors of Crédit Mutuel Arkéa, on 29 June 2018, approved the target organisation plan for the future independent group and called on the local banks to give their opinion on the implementation of this plan. Work to define the detailed technical details of the project has been under way for several months and discussions are underway with the supervisory authorities.

The disaffiliation operations will then be initiated in conjunction with the *Confédération Nationale du Crédit Mutuel* (the "**CNCM**"), within the limits of the powers attributed to it by law.

On 18 February 2019, CNCM's Board of Directors recognised the possibility of leaving the Crédit Mutuel group by adopting DCG n°1-2019, relating to the disaffiliation of the Crédit Mutuel branches at their request. In this context, the Crédit Mutuel Arkéa Group wishes to withdraw from the Crédit Mutuel group.

In accordance with the DCG I, the main stages of disaffiliation are as follows:

- (i) The Boards of Directors of the local banks of the Crédit Mutuel Arkéa Group wishing to disaffiliate from the Crédit Mutuel group will have to adopt a notification file of the planned disaffiliation. The Boards of Directors of the local banks will be consulted following the conclusion of ongoing discussions with the ECB and the ACPR on the basis of a consultation file;
- (ii) Each Federation must then notify the CNCM of the planned disaffiliation of each local banks;
- (iii) Once authorised by the CNCM Board of Directors within two months of receiving the proposed disaffiliation, each Federation may organise a consultation of the members of each local banks

meeting in an extraordinary general meeting. The disaffiliation project must be adopted by a two-thirds majority of the members present or represented;

- (iv) In the event of approval of the proposed disaffiliation by the members, the CNCM Board of Directors shall rule on the request for disaffiliation within two months of receipt of the complete file transmitted by the federations. In particular, a memorandum of understanding between the outgoing local banks and the CNCM setting out the commitments of the mutuals and the practical procedures for their disaffiliation must be concluded.

3) *The Crédit Mutuel Arkéa Group's target scheme*

Under the draft target scheme, the Crédit Mutuel Arkéa Group will be formed around Arkéa (currently Crédit Mutuel Arkéa), a cooperative limited company with variable capital and a union of cooperatives, which will remain individually licensed as a cooperative bank.

Arkéa will in particular be governed by Act 47-1775 of 10 September 1947 on the status of cooperation (the "**1947 Act**") and Article L. 512-1 of the French Monetary and Financial Code.

The local banks would take the form of Local Cooperatives (the "**LCs**") and would no longer be credit institutions. The local banks will retain their status as cooperative companies with variable capital, and will continue to constitute among themselves the union of Arkéa cooperatives, pursuant to the 1947 Law. The purpose of the new LCs will be refocused on their primary *raison d'être*: to develop membership and facilitate access to banking, financial and insurance services. They will be in charge of supporting and promoting membership as part of their regional outreach.

To this end, all the regulated financial activities of the local banks will be transferred to Arkéa, which will accordingly open local branches within the LCs. In addition, as part of this new organization, all banking and investment services will then be carried out by Arkéa's local branch, which will be opened on the same premises as those of LC.

Each LC will also be able to advise its local Arkéa branch to provide banking, financial and insurance services tailored to its members.

In accordance with the 1947 Law, each member will continue to participate in the social life of the LC according to the principle of "one person, one vote" and to stand as a candidate for the election of the members of the Board of Directors of his LC. LCs will continue to hold the A shares issued by Arkéa. In other words, Arkéa's governance will be based on the involvement and participation of each LC playing its role as shareholder.

In addition, a cooperation pact between all LCs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to help LCs fulfil their primary mission, i.e. to promote access to banking, financial and insurance services for all.

Regional federations will ensure the smooth running and good governance of the LCs.

A share issuance scheme is currently under discussion with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed plan will be submitted to the authorities beforehand.

B. Risks relating to the complexity of the context and risks linked to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel group

Crédit Mutuel Arkéa considers that the factors described below could affect the implementation of the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel group. They are linked to events that may or may not occur. Their probability of occurrence and their extent in the event of occurrence are assessed by Crédit Mutuel Arkéa for each risk factor.

The disaffiliation project as envisaged by Crédit Mutuel Arkéa is unprecedented and complex to carry out. Investors' attention is drawn to the complexity of the situation linked to the plan to disaffiliate the Crédit Mutuel Arkéa Group from the Crédit Mutuel group and to the uncertainties and risks involved. This complexity relates in particular, but not exclusively, to the accounting and prudential consolidation mechanisms which will have to be implemented and which are intended to determine the scope of

supervision of the Crédit Mutuel Arkéa Group by the supervisory authorities once it is no longer part of the Crédit Mutuel.

Because of its novel and complex nature, the disaffiliation project presupposes, for its implementation, that conditions are met, in particular with regard to the various stages described in the paragraph on the operational implementation of disaffiliation.

Prior to any investment decision, potential investors should conduct an in-depth analysis of the disaffiliation project, of the Crédit Mutuel Arkéa Group's target organizational structure as described above and of the related uncertainties and risks, as described below. In particular, investors should carefully review all the information included in this document and, in particular, when making their investment decision, should consider the risk factors related to the change in the organization of the main players in the shares and the risks related to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel listed in this document.

The implementation of the Crédit Mutuel Arkéa Group's disaffiliation will not alter its nature as a cooperative and territorial group. However, its disaffiliation from the Crédit Mutuel group has consequences which may be difficult for the investor to grasp but which must be understood and analysed before taking any investment decision. Because of its unprecedented nature, Crédit Mutuel Arkéa cannot guarantee that the project will be carried through to completion, that it will not have to be subject to major changes compared with what was initially planned or that new difficulties will not emerge during its implementation.

1) Risks related to the local banks

> Uncertainties regarding the shares issued by the local banks before the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel group

The analysis carried out by Crédit Mutuel Arkéa of the implementation of the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel has confirmed that, in the planned target scheme, the A, B and C shares issued by the local banks to date will not be affected.

Indeed, the cases of early redemption based on a legal basis applicable to A, B and C shares result from (i) the 1947 Law and (ii) EU Regulation (EU) No 575/2013 of 26 June 2013, as amended in view of the capital quality of the shares. These texts do not include any case of early redemption relating to the loss of the local banks banking license or change of purpose as long as the cooperative status remains.

Similarly, the contractual terms and conditions of the A, B and C shares do not include any case of early redemption relating to the loss of the local banks approval.

The risk is therefore low, in the planned target scheme, that the shares issued by the local banks before the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel will be affected.

> Uncertainties regarding the implementation of a new share issue scheme following the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel

The disaffiliation of the local banks from Crédit Mutuel will entail the loss of the benefit of the collective banking licence granted under the conditions of Article R.511-3 of the French Monetary and Financial Code, which will have an impact on their ability to issue, in the future, B shares by way of a public offer.

To date, these B shares are a key source of financing for Crédit Mutuel Arkéa. A share issue plan is currently being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed plan will be submitted to the authorities beforehand.

It is therefore possible that the Crédit Mutuel Arkéa Group will not obtain the agreement of the authorities, which could prevent the disaffiliation project from being carried out in accordance with the planned target scheme.

> Risks related to the fate of the local banks that voted against the disaffiliation project

In the context of the DCG, the operational implementation of the disaffiliation of the Crédit Mutuel Arkéa Group remains subject to the approval and vote of the Boards of Directors of the local banks, as the

disaffiliation of Crédit Mutuel Arkéa (the Crédit Mutuel Arkéa Group's inter-federal bank) does not automatically result in the disaffiliation of the local banks that are shareholders of the Crédit Mutuel Arkéa Group.

The local banks that vote against the disaffiliation from the Crédit Mutuel, or do not wish to participate in the vote, may not be part of this new organisation.

Even if 94,5 % of the local banks that voted in 2018 did so in favour of independence, these results do not in any way prejudice the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel group.

Each local bank will be called upon to decide on the implementation phase of the disaffiliation of the Crédit Mutuel Arkéa Group in order to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a disaffiliation request by the Federation concerned, in accordance with the DCG.

Local banks that choose to vote against disaffiliation may join another federal or inter-federal fund in order to benefit from a new collective agreement. This new affiliation will not constitute a case of early redemption of the A, B and C shares held by the members. These local banks will be reimbursed for the A shares they hold in the share capital of Crédit Mutuel Arkéa.

It is possible that some local banks may ultimately choose to vote against the disaffiliation from the Crédit Mutuel. However, the financial consequences for the Crédit Mutuel Arkéa Group will depend on the number and characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against the disaffiliation. On the basis of the orientation vote in April 2018, the impact of this exit on the Crédit Mutuel Arkéa Group would be low.

> Risks related to the final vote of the members

The local banks that vote for the disaffiliation of the Crédit Mutuel group will have to convene their extraordinary general meeting in order to adopt the disaffiliation project in accordance with the DCG and to approve the amendment of their articles of association relating thereto.

The vote of the members, which, in accordance with Article 2.3 of the DCG, may not take place less than two months after the CNCM's authorization to convene the extraordinary general meeting of the local banks concerned, shall relate to the express approval of the disaffiliation project, the terms of disaffiliation appearing in the notification file previously approved by the Boards of Directors of these local banks and its consequences, particularly financial, for these local banks and their members, in accordance with Appendix 2 of the DCG.

In accordance with Appendix 2 of the DCG, a presentation document summarising the main points of the notification file and the amendments to the Articles of Association shall be notified to the members at least fifteen (15) days before each extraordinary general meeting is held. The members will thus be able to decide on the basis of clear, precise and exhaustive information on the proposed disaffiliation and its consequences for their local banks, its members, its customers, its creditors, its employees and the entire Crédit Mutuel group, in accordance with the DCG.

The extraordinary general meeting of each local banks fund concerned must decide in favour of the request for disaffiliation by a two-thirds majority of the members present or represented, in accordance with Article 2.4 of the DCG.

In the event of disapproval by an extraordinary general meeting, the Federation concerned may not transmit a new request for disaffiliation from the local banks concerned before a period of three (3) years, in accordance with Article 2.3 of the DCG.

The results of the orientation vote on the Crédit Mutuel Arkéa Group's proposed independence in no way prejudices the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel.

It is possible that the extraordinary general meetings of some local banks may not adopt the disaffiliation project and may not approve the amendment of their Articles of Association relating thereto. However, the financial consequences for the Crédit Mutuel Arkéa Group will depend on the number and

characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against the proposed disaffiliation and the amendment of their articles of association. On the basis of the orientation vote in April 2018, the impact of this exit on the Crédit Mutuel Arkéa Group would be low.

2) *Risks related to the Crédit Mutuel Arkéa Group*

Following the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, of which CNCM is the central body, Arkéa (currently Crédit Mutuel Arkéa) will still be authorised as a cooperative bank and supervised directly by the ACPR and the ECB.

> Risks related to the agreement of the supervisory authorities

In accordance with the provisions of the French Monetary and Financial Code, in conjunction with the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel, CNCM, as the central body, must notify ACPR of the disaffiliation of Crédit Mutuel Arkéa.

The ACPR and the ECB will have to review the banking licence of Crédit Mutuel Arkéa and the local banks attached to it.

At this stage, detailed and documented work is underway with these authorities to obtain their agreement. No assurance can be given as to whether their agreement will be obtained or as to the timing and modalities of obtaining their agreement. The change in Crédit Mutuel Arkéa's corporate name will require the prior approval of these authorities.

It is therefore possible that the Crédit Mutuel Arkéa Group will not obtain the agreement of the ACPR and the ECB, which could prevent the disaffiliation project from going ahead as planned.

> Risks related to prudential calculations

In addition, the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel could lead to a change in the internal model for calculating weighted risks leading to an increase in capital requirements, or even a switch to a standard model.

At June 30, 2020, credit risk is determined for €116 billion of net risk exposures, of which:

- €72 bn of risk exposures are assessed using an internal ratings approach,
- €44bn of risk exposures are already assessed using a standard approach.

As a result, the disaffiliation of the Crédit Mutuel group could lead to a review of the weighted risk assessment method for the €72 billion of credit risk exposures currently assessed using an internal rating approach, without calling into question the financial strength of the Crédit Mutuel Arkéa Group.

> Risks related to the practical arrangements for disaffiliation set by DCG

DCG stipulates that the notification file must mention 'the commitments proposed by the bank to compensate all past and future costs borne by the Crédit Mutuel group entities as a result of the planned disaffiliation'. In addition, the application file for disaffiliation which will be sent to CNCM by the Federations after the vote of the members of the local banks concerned who are affiliated to them must include the draft memorandum of understanding setting out the commitments of these local banks and the practical arrangements for disaffiliation.

Within this framework, the local banks will make a financial proposal to the CNCM Board of Directors based on objective and legally founded elements.

Lastly, the DCG provides that the Board of Directors of the CNCM must adopt the final terms of disaffiliation, 'taking into account, in particular, the effective date of disaffiliation of the fund concerned, the amount of the indemnity to be paid to the Caisse Centrale de Crédit Mutuel and the memorandum of understanding setting out the commitments of the local bank and the practical arrangements for disaffiliation'. The DCG does not specify either the methods of calculation of this compensation or its amount, which may in fine be significant, which Crédit Mutuel Arkéa could then contest.

Furthermore, in accordance with Article 2.4 of the DCG, in the event of a change in the legal or factual circumstances between the authorization given to the Federations to organize the vote of the members and

the vote of approval of each extraordinary general meeting, or after the latter vote, the CNCM Board of Directors may ask the local banks and federations concerned for any useful additional information in order to "assess at short notice whether the essential conditions for disaffiliation are still met and the consequences of such a change for the Crédit Mutuel group in the event of disaffiliation" and "decide whether to follow up on the request for disaffiliation".

It is therefore possible that Crédit Mutuel Arkéa does not agree with CNCM on the practical arrangements for disaffiliation set by DCG, which could prevent the disaffiliation project from being carried out.

> Risks related to the commercial stakes of disaffiliation

The disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel has a number of consequences, in particular the commercial stakes involved in the adoption by Crédit Mutuel Arkéa of a name and trademarks that do not use the terms 'Crédit Mutuel'.

Furthermore, the possibility of opening up a large number of local banks in the territory of the Brittany and South-Western France Federations could increase competition with the Crédit Mutuel Arkéa Group in these two territories.

In any event, competition in the banking sector in France is strong. The Crédit Mutuel Arkéa Group considers that the intensification of competition in the context of its disaffiliation project will not affect its development capacities.

The preparatory work leading to the adoption of a new brand is being completed in order to initiate a new commercial and industrial dynamic.

It is therefore possible that the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel could have commercial impacts on the Crédit Mutuel Arkéa Group. However, the work in progress makes it possible to determine that the consequences of the occurrence of this risk are slight.

> Risks related to the governance of Crédit Mutuel Arkéa

The CNCM thus amended its Articles of Association by an extraordinary general meeting on May 16, 2018 (the "**Articles of Association**").

A new Article 29 relating to the sanctions that may be pronounced by the CNCM has been incorporated into the Articles of Association. This new Article 29 is accompanied by a disciplinary regulation which would have the same legal force as the statutes.

The regulatory measures referred to in the powers of the Board of Directors refer to the creation of a new Article 33 of the Articles of Association, entitled "Withdrawal of confidence or approval as a regulatory measure", allowing for the removal of the heads of the regional groups outside of any sanction procedure.

It is possible that these provisions of the Articles of Association will be implemented by the CNCM, as the potential negative impact on the Crédit Mutuel Arkéa Group can be assessed as significant.

> Risks related to potential litigation

Following the implementation of the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel group, there is a risk of a legal challenge to the disaffiliation of the Crédit Mutuel Arkéa Group, in particular in the context of the application of the DCG.

In addition, the operational implementation of the disaffiliation of the Crédit Mutuel Arkéa Group could give rise to various claims or give rise to litigation against the Crédit Mutuel Arkéa Group by members, customers or counterparties of the Crédit Mutuel group.

Any litigation or claims that might be potentially brought could have a potentially significant negative impact on the Crédit Mutuel Arkéa Group.

> Risks related to the loss of inter-federal solidarity

As from the effective date of disaffiliation, Crédit Mutuel Arkéa will no longer benefit from the national inter-federal solidarity mechanism in the event of the Crédit Mutuel Arkéa Group becoming independent from Crédit Mutuel.

However, it is specified that Crédit Mutuel Arkéa has its own solidarity mechanism which would intervene in the first instance.

A cooperation pact between all LC and Arkéa will thus be concluded for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to help LC fulfil its primary mission, i.e. to promote access to banking, financial and insurance services for all.

For more information on the solidarity mechanism, investors may refer to section 1.6 on solidarity relations of this Universal Registration Document.

The exit of Crédit Mutuel Arkéa from the national inter-federal solidarity mechanism could lead to the lowering of certain financial ratings of the Crédit Mutuel Arkéa Group. However, it should be noted that Fitch Ratings already assigns a rating to the Crédit Mutuel Arkéa Group independently of the Crédit Mutuel group, without taking account of this national inter-federal solidarity mechanism.

At this stage, there is no certainty as to how this situation could evolve and/or the timing of its outcome, or the impact it could have on the B Units."

Paragraph 1.5 entitled "*Risks related to the global economic environment*" of the section entitled "*Risk Factors*" on page 35 of the Base Prospectus is deleted and replaced by the following:

"

1.5 Risks related to the global economic environment

The global health crisis (coronavirus) has a significant negative impact on the global economy, which would worsen if the crisis is not quickly contained. It leads to supply and demand crises, resulting in a significant slowdown in activity due to the impact of confinement measures on consumption and the mistrust of economic agents, as well as production difficulties, disruptions in supply chains in some sectors, and a slowdown in investments. As a result, the nominal gross domestic product is forecast to significantly contract in France and Europe in 2020 which may even lead to technical recessions in several countries.

These consequences would impact the activity of banks' counterparties and, in turn, of the banks themselves. At the time this document is being written, the effects of any potential support or corrective measures taken by the authorities or market participants remain highly uncertain.

From the very beginning of the epidemic in France, the Crédit Mutuel Arkéa Group has endeavored to identify the specific risks associated with its development and to identify the consequences as it evolves. These specific risks are summarized below:

- Business model risk: the Crédit Mutuel Arkéa Group's business model consists of supporting and financing the real economy. The implementation of this business model could be called into question by the socio-economic consequences of the epidemic and in particular by the anticipated sharp contraction of activity in France and Europe;
- Liquidity risk: against a backdrop of market tensions and economic uncertainty, the Crédit Mutuel Arkéa Group set up a daily monitoring of market operations and customer activity from the beginning of the crisis, without any alert at this stage;
- Operational risk: the confinement at home of almost all of the group's employees, as part of the measures decided by the government to curb the spread of the epidemic, has not led to difficulties in continuing business. Taking into account the significant expansion of remote working, a strengthening of the monitoring of external access to the information system has been implemented to counter an increase in exposure to cyber risk and the risk of external fraud;
- Legal risk: the legal risk on suppliers has been increased due to the suspension of external service contracts; and
- Credit risk: the socio-economic impacts of the epidemic could lead to a large number of defaults by the counterparties with which the Crédit Mutuel Arkéa Group is in contact, particularly in certain sectors of activity that are particularly affected by the development of the epidemic and

the associated restrictions on movement (tourism, air transport, etc.). Depending on the evolution of the crisis, the cost of risk, the results and the financial situation of the Crédit Mutuel Arkéa Group could be more widely impacted.

Beyond the overall impact on the Crédit Mutuel Arkéa Group, the crisis could have significant consequences for the Issuer that cannot yet be measured."

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled "*Documents incorporated by reference*" on pages 49 to 52 of the Base Prospectus is deleted and replaced by the following for the purposes of incorporating by reference in the Base Prospectus the 2020 Interim Financial Report (as defined below) of the Issuer:

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

- the unaudited financial statements of the Issuer as at, and for the six-month period ended, 30 June 2020, in the French language, together with the related notes and the auditors' report thereon (the "**2020 Interim Financial Report**")
https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2020-09/v1b-rapport_financeir_semestriel_sfh_30.06.20_final.pdf;
- the annual financial report of Arkéa Home Loans SFH for the year ended, 31 December 2019, in the French language, which includes the financial statements of the Issuer as at, and for the year ended, 31 December 2019, including the audited cash flow statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2018 (the "**2019 Financial Statements**") and the auditors' report thereon (the "**2019 Auditors' Report**" and together with the 2019 Financial Statements, the "**2019 Annual Financial Report**");
https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2020-03/rapport_financeir_annuel_sfh_31122019_signe.pdf
- the annual financial report of Arkéa Home Loans SFH for the year ended, 31 December 2018, in the French language, which includes the financial statements of the Issuer as at, and for the year ended, 31 December 2018, including the audited cash flow statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2017 (the "**2018 Financial Statements**"), and the auditors' report thereon (the "**2018 Auditors' Report**" and together with the 2018 Financial Statements, the "**2018 Annual Financial Report**");
https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2019-04/rapport_financeir_annuel-arkea-home-loans-sfh-31122018.pdf
- the sections "Terms and Conditions of the French law Covered Bonds" of the following base prospectuses relating to the Programme:
 - (i) Base Prospectus dated 22 December 2010 (the "**2010 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-06/base-prospectus-credit-mutuel-arkea-covered-bonds-22122010.pdf>,
 - (ii) Base Prospectus dated 9 May 2011 (the "**2011 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-06/base-prospectus-credit-mutuel-arkea-home-loans-sfh-09052011.pdf>,
 - (iii) Base Prospectus dated 14 June 2013:
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-02/base-prospectus-credit-mutuel-arkea-home-loans-sfh-14062013.pdf> and its second supplement dated 2 September 2013 (the "**2013 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-02/supplement2-base-prospectus-credit-mutuel-arkea-home-loans-sfh-02092013.pdf>,
 - (iv) Base Prospectus dated 29 May 2015 (the "**2015 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2016-11/base-prospectus-arkea-home-loans-sfh-29052015.pdf>,

- (v) Base Prospectus dated 29 June 2016 (the "**2016 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2016-11/base-prospectus-arkea-home-loans-sfh-29062016.pdf>,
- (vi) Base Prospectus dated 27 June 2017 (the "**2017 Covered Bonds Conditions**"):
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2017-06/base-prospectus-arkea-home-loans-sfh-27062017.pdf>,
- (vii) Base Prospectus dated 13 September 2018 (the "**2018 Covered Bonds Conditions**") :
<https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2018-09/base-prospectus-arkea-home-loans-sfh-13092018.pdf>, and
- (viii) Base Prospectus dated 28 June 2019 (the "**2019 Covered Bonds Conditions**") :
https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2019-07/arkea_hl_sfh_-_2019_base_prospectus_v._finale.pdf.

The parts of these documents that are not incorporated by reference in this Base Prospectus are either not relevant for the investors or covered elsewhere in the Base Prospectus.

The Issuer assumes responsibility for the correct translation of the French version of the 2018 Annual Financial Report, the 2019 Annual Financial Report and the 2020 Interim Financial Report.

The documents incorporated by reference in this Base Prospectus may be obtained, free of charge, at the principal office of the Issuer and the Paying Agents set out at the end of this Base Prospectus during normal business hours and on the website of Crédit Mutuel Arkéa (<http://www.arkea.com>) so long as any of the Covered Bonds are outstanding. This Base Prospectus, the 2018 Annual Financial Report and the 2019 Annual Financial Report 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.

Cross-reference list¹

INFORMATION INCORPORATED BY REFERENCE (Annex VI item 11 of the European Delegated Regulation 2019/980/EU)	REFERENCE
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
<u>11.1 Historical financial information</u>	
<i>2018 Annual Financial Report</i>	
- Balance sheet	Page 43 of the 2018 Annual Financial Report
- Income statements	Page 44 of the 2018 Annual Financial Report
- Notes	Pages 45 to 51 of the 2018 Annual Financial Report
- Cash Flow Statements	Page 50 of the 2018 Annual Financial Report
- Audit report from the auditors relating to the above	Pages 52 to 58 of the 2018 Annual Financial Report
<i>2019 Annual Financial Report</i>	
- Balance sheet	Page 39 of the 2019 Annual Financial Report
- Income statements	Page 40 of the 2019 Annual Financial Report
- Notes	Pages 40 to 49 of the 2019 Annual Financial Report
- Cash Flow Statements	Page 48 of the 2019 Annual Financial Report
- Audit report from the auditors relating to the above	Pages 50 to 56 of the 2019 Annual Financial Report
<i>2020 Interim Financial Report</i>	
- Balance sheet	Page 4 of the 2020 Interim Financial Report
- Income statements	Page 5 of the 2020 Interim Financial Report
- Notes	Pages 6 to 14 of the 2020 Interim Financial Report
- Cash Flow Statements	Page 13 of the 2020 Interim Financial Report
- Review report from the auditors relating to the above	Pages 15 to 17 of the 2020 Interim Financial Report

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

¹ Indicated pages refer to the PDF pages of the 2018 Annual Financial Report, the 2019 Annual Financial Report and the 2020 Interim Financial Report.

Cross-reference list in respect of the Covered Bonds Previous Conditions

INFORMATION INCORPORATED BY REFERENCE	REFERENCE
2010 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 40 to 68 of the Base Prospectus dated 22 December 2010
2011 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 45 to 74 of the Base Prospectus dated 9 May 2011
2013 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 42 to 73 of the Base Prospectus dated 14 June 2013 and pages 2 to 3 of its second supplement dated 2 September 2013
2015 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 76 to 112 of the Base Prospectus dated 29 May 2015
2016 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 77 to 113 of the Base Prospectus dated 29 June 2016
2017 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 75 to 111 of the Base Prospectus dated 27 June 2017
2018 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 98 to 137 of the Base Prospectus dated 13 September 2018
2019 Covered Bonds Conditions	
Terms and Conditions of the French law Covered Bonds	Pages 103 to 141 of the Base Prospectus dated 28 June 2019

Non-incorporated parts of the 2010 Covered Bonds Conditions, 2011 Covered Bonds Conditions, 2013 Covered Bonds Conditions, 2015 Covered Bonds Conditions, 2016 Covered Bond Conditions, 2017 Covered Bonds Conditions, 2018 Covered Bonds Conditions and 2019 Covered Bonds Conditions are not relevant for investors."

RECENT DEVELOPMENTS

A new section entitled "Recent Developments" is included in the Base Prospectus after the section entitled "The Issuer" on pages 96 to 105 of the Base Prospectus as follows:

"

Press release

The Arkéa group maintains its determination to become independent and continues to work to achieve an orderly separation

Brest, October 9th 2020 - The Board of Directors of Crédit Mutuel Arkéa, which met today, enabled the Executive Management to review the progress of the cooperative and territorial banking group's independence project. Discussions with the supervisory authorities are continuing in a calm and constructive climate. The Arkéa group reiterates its determination to continue working to achieve its independence.

In January 2018, the Board of Directors of Crédit Mutuel Arkéa mandated the Executive Management to take any action that would enable it to become an independent banking group, entirely separate from the Crédit Mutuel, while respecting its cooperative identity.

This independence project was approved by 94.5% of the local banks in an orientation vote held in April 2018. At the end of June 2018, the Board of Directors of Crédit Mutuel Arkéa validated the broad outlines of its target scheme. Since then, Arkéa has been resolutely committed to the operational implementation of its independence.

Discussions with the supervisory authorities had been under way for several months on the modalities of the separation, before being temporarily suspended due to the health crisis, the ECB having naturally fully prioritised its action and resources to monitor this unprecedented crisis.

Despite this context, the Arkéa group has constantly pursued work and actions aimed at preparing for the orderly separation from Crédit Mutuel, in a calm climate as desired by the supervisors.

In recent months, Arkéa has also once again demonstrated its financial strength, resilience and the relevance of its model for the financing of the real economy, territories and their players.

Today's meeting of the Board of Directors was an opportunity for the Group's Executive Management to report on the exchanges with the banking authorities, which will continue, and to reaffirm its determination to pursue this independence project. It aims to preserve the fundamental characteristics of the cooperative model and the group's *Raison d'être* (purpose), and is fully in line with the group's next strategic plan, which will succeed the Arkéa 2020 plan at the end of the year.

About the Arkéa group

The Arkéa group comprises Crédit Mutuel Arkéa, the federations of Crédit Mutuel de Bretagne, Sud-Ouest and their local member banks, as well as nearly forty specialised subsidiaries (Fortuneo, Monext, Arkéa Banque Entreprises et Institutionnels, Arkéa Investment Services, Suravenir, etc.). It has more than 10,500 employees, nearly 2,800 directors, 4.8 million members and customers in banking and insurance and a balance sheet total of 165 billion euros. Crédit Mutuel Arkéa is one of the leading banks with headquarters in the regions.

More information on arkea.com

Press Contact: Ariane Le Berre-Lemahieu - 02 98 00 22 99 - ariane.le-berre-lemahieu@arkea.com"

GENERAL INFORMATION

Paragraphs 4, 5, 6 and 14 of the section entitled "*General Information*" on pages 166 to 168 of the Base Prospectus are deleted and replaced by the following:

"

- (4) There has been no significant change in the financial performance of the Group since 30 June 2020.
- (5) There has been no significant change in the financial position of the Group since 30 June 2020.
- (6) Save as disclosed in paragraph 1.5 entitled "*Risks related to the global economic environment*" of the section entitled "*Risk Factors*" on page 35 of the Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2019, subject to the impact of the coronavirus-related health crisis, the detailed consequences of which are difficult to assess as of the date hereof.
- (14) So long as Covered Bonds (including German law Covered Bonds) are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s) and, with respect to the documents listed in paragraphs (a), (b) and (e) below, on the website of Crédit Mutuel Arkéa (<http://www.arkea.com>) :
 - (a) the statuts of the Issuer
 - (b) the 2018 Annual Financial Report, the 2019 Annual Financial Report and the 2020 Interim Financial Report;
 - (c) the Agency Agreement (which includes the form of the Lettre Comptable, the Temporary Global Certificates, the Definitive Materialised Covered Bonds, the Coupons, the Talons, the form of terms and conditions of the German law Covered Bonds and the form of Assignment of the German law Covered Bonds);
 - (d) Final Terms for Covered Bonds that are listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market in the EEA;
 - (e) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
 - (d) all reports, letters and other documents, historical financial information and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus."