

**PROSPECTUS SUPPLEMENT N° 1 DATED 25 OCTOBER 2019
TO THE BASE PROSPECTUS DATED 28 JUNE 2019**



ARKÉA HOME LOANS SFH

(duly licensed French specialised credit institution)

€10,000,000,000

COVERED BOND PROGRAMME

FOR THE ISSUE OF OBLIGATIONS DE FINANCEMENT DE L'HABITAT

This supplement (the "**First Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 28 June 2019 (the "**Base Prospectus**") prepared with respect to the €10,000,000,000 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**") by Arkéa Home Loans SFH (the "**Issuer**"). Unless the context otherwise requires, terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

On 28 June 2019, 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as a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC of 4 November 2003, as amended or superseded (the "**Prospectus Directive**") in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10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 First Supplement as a supplement to the Base Prospectus for the purposes of article 16 of the Prospectus Directive and article 13 of Luxembourg Law.

This First Supplement has been produced for the purposes of :

- supplementing the section entitled "SUMMARY OF THE PROGRAMME" on pages 6 *et seq.* of the Base Prospectus;
- supplementing the section entitled "RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME)" on pages 30 *et seq.* of the Base Prospectus;
- supplementing the section "RISK FACTORS" on pages 56 of the Base Prospectus;
- supplementing the section "DOCUMENTS INCORPORATED BY REFERENCE" on pages 100 *et seq.* of the Base Prospectus; and

- supplementing the section entitled "GENERAL INFORMATION" on pages 223 *et seq.* of the Base Prospectus.

So long as Covered Bonds are capable of being issued under the Programme, copies of the Base Prospectus, this First Supplement, the 2019 Interim Financial Information, the 2018 Financial Information and the 2017 Financial Information 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. Such documents will also be published on the website of the Issuer (http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5039/fr/home-loans-sfh) and on the website of the Luxembourg Stock Exchange (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 First Supplement. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this First Supplement is in accordance with the facts and contains no omission likely to affect its import.

Save as disclosed in this First 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 First Supplement or any statement incorporated by reference into the Base Prospectus by this First Supplement and (b) any other statement in or incorporated by reference into the Base Prospectus, 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, in the course of an offer of securities to the public, already agreed to purchase or subscribe for the securities before first publication of this First Supplement have the right, exercisable within a time limit of two (2) working days after the publication of this First Supplement (*i.e.* until 29 October 2019 included), to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in article 13 paragraph 1 of the Luxembourg Law arose before the final closing of the offer to the public and the delivery of the securities.

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SUMMARY OF THE PROGRAMME

On page 7 of the Base Prospectus, Element B.5 entitled "Description of the Issuer's Group and the Issuer's position within the Group" under section B. "Issuer" shall be deleted and replaced by the following:

B.5	Description of the Issuer's Group and the Issuer's position within the Group	The Issuer is the dedicated "<i>société de financement de l'habitat</i>" of the Crédit Mutuel Arkéa Group, issuing Covered Bonds (<i>obligations de financement de l'habitat</i>). The Crédit Mutuel Arkéa Group is composed of Crédit Mutuel Arkéa (<i>société anonyme coopérative de crédit à capital variable</i>), the Crédit Mutuel entities (each, a "Crédit Mutuel Entity"), and any other entities (including Belgian entities) (each, an "Other Entity") and their respective direct or indirect consolidated affiliates. Crédit Mutuel Entity means any Caisse de Crédit Mutuel (within the meaning of Articles L. 512-55 <i>et seq.</i> of the French Monetary and Financial Code (<i>Code monétaire et financier</i>)) which is affiliated to the Fédération de Crédit Mutuel de Bretagne, the Fédération de Crédit Mutuel du Sud-Ouest or the Fédération de Crédit Mutuel Massif Central. Other Entity means any collateral provider (the "Collateral Provider") controlled by Crédit Mutuel Arkéa within the meaning of Article L. 233-3 of the French Commercial Code (<i>Code de commerce</i>) and which is not a Crédit Mutuel Entity. As the second-largest regional entity in the French Crédit Mutuel network, Crédit Mutuel Arkéa comprises the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central (the "CMMC") federations as well as approximately 20 specialized affiliates. This Issuer is an affiliate of Crédit Mutuel Arkéa which holds 99.9% of its share capital. At its meeting of 17 January 2018, the board of directors (<i>conseil d'administration</i>) of Crédit Mutuel Arkéa mandated the managers to take all necessary measures to enable Crédit Mutuel Arkéa to become a cooperative banking group independent from the Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial roots, its culture of innovation and its intermediate size. The directors of the local savings banks and Federations of Bretagne, Sud-Ouest and Massif Central were invited to vote in the first half of 2018, as part of an orientation vote. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the holding of board meetings of the federations, the Crédit Mutuel Arkéa Group has officialized the results of the votes of the 307 local savings banks that participated. 94.5 % of the local savings banks voted in favour of the independence project of Crédit Mutuel Arkéa, which will thus become a cooperative and territorial group, independent from Crédit Mutuel. This vote acknowledges the Crédit Mutuel Arkéa Group's intention to exit the Crédit Mutuel and allows to open a project to define the modalities of its disaffiliation.
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	This project aims to preserve the fundamental characteristics of the cooperative model and the “<i>raison d'être</i>” of the Crédit Mutuel Arkéa Group. It is also a growth driver and will enable the Crédit Mutuel Arkéa Group to continue to serve its members, customers and partners. The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. On 29 June 2018, Crédit Mutuel Arkéa’s board of directors (<i>conseil d'administration</i>) approved the main principles of the target organisational structure of the future independent group. Work to define the detailed technical conditions of the project has been underway for several months and is in the process of being finalized with the supervisors. The disaffiliation operations will then be initiated in connection with Confédération Nationale du Crédit Mutuel (the “CNCM”) and in the limit of the powers granted to it by law. The board of directors (<i>conseil d'administration</i>) of the CNCM, dated 18 February 2019, has recognised the possibility of leaving the Crédit Mutuel by adopting a general decision no. 1- 2019, relating to the disaffiliation of Crédit Mutuel’s credit unions at their request (the “DCG”). In accordance with the DCG, the main stages of disaffiliation are as follows: (i) the board of directors (<i>conseil d'administration</i>) of the local savings banks of the Crédit Mutuel Arkéa Group wishing to disaffiliate from the Crédit Mutuel must adopt a notification file for the disaffiliation project. The consultation with local savings banks will take place at the end of the discussions in progress with the European Central Bank (the “ECB”) and the ACPR on the basis of a consultation file; (ii) each federation shall then notify the CNCM of the draft disaffiliation of each local savings bank; (iii) once authorized by the board of directors (<i>conseil d'administration</i>) of the CNCM within two months of receipt of the disaffiliation project, each federation may organize the consultation of the members of each savings bank in an extraordinary general meeting. The proposed disaffiliation must be adopted by a two-thirds majority of the members present or represented; and (iv) in the event of approval of the disaffiliation project by the members, the board of directors (<i>conseil d'administration</i>) of the CNCM shall decide on the request for disaffiliation within two months of receipt of the complete file sent by the federations. In particular, a memorandum of understanding between the outgoing savings banks and the CNCM must be concluded setting out the commitments of the savings banks and the practical arrangements for their disaffiliation. With regard to the convergence process of local savings banks of the CMMC Federation to Crédit Mutuel Alliance Fédérale (the “CMAF”), the board of directors (<i>conseil d'administration</i>) of the CNCM on 19 June 2018 has given its prior approval to CMMC’s convergence project to the CMAF. The governance bodies of the federation and the CMMC regional bank dated 29 June 2018 have approved the convergence process. On 5 September 2019, Crédit Mutuel Arkéa signed a protocol agreement with
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		Caisse Fédérale de Crédit Mutuel and the CMMC Federation defining the terms of the separation of the CMMC Federation which will take place on 1st January 2020. In any event, and as long as the operations related to the change of inter-federal savings bank and collective license, the banking activity of each of CMMC's thirty local banks remains under the collective license granted to Crédit Mutuel Arkéa as a credit institution (<i>établissement de crédit</i>).
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On page 10 of the Base Prospectus, the Element B.12 entitled "Selected historical key financial information" under section B. "Issuer" shall be completed by the following:

B.12	Selected historical key financial information	<u>Comparative Interim Financial Data (in thousands of EUR)</u>		
		Income Statement	30 June 2019	30 June 2018
		Net banking income	1,702	1,300
		Gross operating income	1,892	337
		Net income	1,565	138
		Balance sheet	30 June 2019	31 December 2018
		Total consolidated balance sheet	6,976,117	6,987,902
		Shareholders' equity	73,892	42,607
		Debt securities	6,974,207	6,913,277

On page 10 of the Base Prospectus, the last paragraph of Element B.12 entitled "Selected historical key financial information" under section B. "Issuer" shall be deleted and replaced by the following:

B.12	Selected historical key financial information	To the best of the Issuer's knowledge, there has been no material adverse change in the prospects of the Issuer since its last financial statements dated 31 December 2018 and there has been no significant change in the financial or trading position of the Issuer since 30 June 2019.
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On page 19 of the Base Prospectus, the risk factors linked to the borrower on pages 19 to 25 under Element D.2 entitled "Key risks regarding the Issuer" under section D. "Risks" shall be deleted and replaced by the following:

D.2	Key risks regarding the Issuer	<i>Risks factors linked to the Borrower include the following:</i> - the Issuer bears the risk relating to the Borrower's ability to pay under the Borrower Facility Agreement; - the credit rating of the Covered Bonds may be affected by various factors; - the risks related to the disaffiliation of the Arkéa's group from Crédit Mutuel;
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		(i) <u>Change in the organization of the main players involved in the public stock ownership offering</u> <i>A cooperative banking group independent from the rest of Crédit Mutuel</i> At its meeting of January 17th 2018, the board of directors (<i>conseil d'administration</i>) of Crédit Mutuel Arkéa mandated the managers to take all necessary measures to enable Crédit Mutuel Arkéa to become a cooperative banking group independent of the rest of Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial roots, its culture of innovation and its intermediate size. During the first half of 2018, the directors of the local savings banks and federations of Crédit Mutuel de Bretagne, Sud-Ouest and Massif Central were invited to vote, as part of an orientation vote. The board of directors (<i>conseil d'administration</i>) of the CMMC Federation opposed the principle of consulting the board of directors (<i>conseil d'administration</i>) within its scope. However, the consultation was initiated by 6 of the 30 local savings banks that are members of the CMMC Federation. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the meeting of the board of directors (<i>conseil d'administration</i>) of the federations, the Crédit Mutuel Arkéa Group made official the results of the votes of the 307 local savings banks that were cast. 94.5% of them voted in favor of Crédit Mutuel Arkéa's independence project, 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 intention to leave the Crédit Mutuel and makes it possible to start a project to define the terms and conditions for its disaffiliation within the framework of the DCG. This project aims to preserve the fundamental characteristics of the cooperative model and the “<i>raison d'être</i>” of the Crédit Mutuel Arkéa Group. It is also a growth driver and will enable the Crédit Mutuel Arkéa Group to continue to serve its members, customers and partners. <i>The operational implementation of disaffiliation</i> The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. On June 29th 2018, Crédit Mutuel Arkéa's board of directors (<i>conseil d'administration</i>) approved the main principles of the target organizational structure of the future independent group. Work to define the detailed technical details of the project has been underway for several months and is in the process of being finalized with the supervisors. Disaffiliation operations will then be initiated in coordination with the CNCM and within the limits of the powers granted to it by law. On February 18th 2019, the CNCM's board of directors (<i>conseil d'administration</i>) recognized the possibility of leaving the Crédit Mutuel as a whole by adopting the DCG, relating to the disaffiliation of Crédit Mutuel's banks at their request. In accordance with the DCG, the main steps of disaffiliation are as follows: (i). the board of directors (<i>conseil d'administration</i>) of the local savings banks of the Crédit Mutuel Arkéa Group wishing to disaffiliate from the Crédit Mutuel must adopt a notification file for the disaffiliation project. The
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	consultation of the board of directors (<i>conseil d'administration</i>) of the local savings banks will take place at the end of the 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 disaffiliation project of each local savings bank; (iii). once authorized by the board of directors (<i>conseil d'administration</i>) of the CNCM within two months of receipt of the disaffiliation project, each federation may organize consultation with the members of each local savings bank at an extraordinary general meeting. The proposed disaffiliation must be adopted by a two-thirds majority of the members present or represented; (iv). in the event of approval of the disaffiliation project by the members, the board of directors (<i>conseil d'administration</i>) of the CNCM shall decide on the request for disaffiliation within two months of receipt of the complete file sent by the federations. In particular, a memorandum of understanding between the outgoing local savings banks and the CNCM must be concluded setting out the commitments of the local savings banks and the practical arrangements for their disaffiliation. <i>The Crédit Mutuel Arkéa Group's target scheme</i> As part of the target scheme project, the Crédit Mutuel Arkéa Group will be formed around Arkéa (currently Crédit Mutuel Arkéa), a cooperative public limited company with variable capital and union of cooperatives, which will remain individually authorized as a cooperative bank. Arkéa will be governed in particular by Act No. 47-1775 of September 10th 1947 on the status of cooperation (the "1947 Law") and Article L. 512-1 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>). The local savings banks will become the local cooperatives companies (<i>Sociétés cooperatives locales</i>) (the "SCLs"), retaining their status as cooperative companies with variable capital, and will continue to form the union of Arkéa cooperatives between them, in accordance with the 1947 Law. The purpose of the new SCLs will be refocused on their primary mission: to develop membership and facilitate access to banking, financial and insurance services. They will thus be in charge of supporting and promoting membership as part of their territorial influence. To this end, all the regulated financial activities of the local savings banks will be transferred to Arkéa, which will open local branches within the SCLs accordingly. In addition, under this new organization, all banking operations and investment services will then be carried out by Arkéa's local branch, opened on the same premises as SCL. Each SCL may also advise its related Arkéa's local branch in order to provide banking, financial and insurance services adapted to its members. In accordance with the 1947 Law, each member will continue to participate in the social life of the SCL according to the principle of "one person, one vote" and stand for election to the board of directors (<i>conseil d'administration</i>) of its SCL. The SCLs will continue to hold the A shares issued by Arkéa. In other words, Arkéa's governance will be based on the involvement and participation
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	of each SCL acting in its capacity as shareholder. In addition, an affiliation agreement between all SCLs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual assistance and support mechanisms to promote the achievement of the SCLs' primary mission, namely to promote access to banking, financial and insurance services for all. Regional federations will ensure the proper functioning and governance of the SCLs. A scheme for the issuance of shares is being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favors a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities in advance. (ii) <u>Risks relating to the complexity of the context and risks related to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel</u> 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. They are related to events that may or may not occur. Their probability of occurrence and their magnitude 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 implement. Investors' attention is drawn to the complexity of the situation related to the proposed disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel and the uncertainties and risks associated with it. This complexity concerns in particular, but not exclusively, the accounting and prudential consolidation mechanisms that will have to be implemented in order to determine the scope of the Crédit Mutuel Arkéa Group's supervision by the supervisory authorities, once it has been removed from 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. Before any investment decision is made, potential investors must conduct a thorough analysis of the disaffiliation project, the Crédit Mutuel Arkéa Group's target organizational structure as described above and the uncertainties and risks associated with it, as described below. In particular, investors should carefully examine all the information included in this Base Prospectus and in particular, when making their investment decision, the risk factors related to the change in the organization of the main players in the corporate shares and the risks related to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel listed in this Base Prospectus. The implementation of the disaffiliation of the Crédit Mutuel Arkéa Group will not change its nature as a cooperative and territorial group. However, its disaffiliation from the Crédit Mutuel has consequences that may be difficult for the investor to understand but which must be understood and analyzed before any investment decision is taken. Due to its unprecedented nature, Crédit
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	Mutuel Arkéa cannot guarantee that the project will be completed, that it will not be subject to major changes compared to what was initially planned or that new difficulties will not emerge during its implementation. <i>Risks related to local savings banks</i> <u>Uncertainties as to the shares issued by the local savings banks before the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.</u> Crédit Mutuel Arkéa's analysis of the implementation of the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel confirmed that, in the planned target scheme, the A, B and C shares issued by the local savings banks to date will not be affected. Indeed, the early repayment cases based on a legal basis applicable to A, B and C shares result from (i) the 1947 Law and (ii) Regulation (EU) No 575/2013 of June 26th 2013, as amended to take into account the equity status of the shares. These texts do not include any case of early repayment relating to the loss of the banking licence of the local savings banks or a change of purpose as long as the cooperative status remains. Similarly, the contractual terms of the A, B and C shares do not include any case of early repayment relating to the loss of the approval of the local savings banks that have become SCL. The risk is therefore low, in the planned target scheme, that the shares issued by the local savings banks before the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel will be affected. <u>Uncertainties regarding the implementation of a new share issue scheme after the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.</u> The disaffiliation of local savings banks from the Crédit Mutuel as a whole will result in the loss of the benefit of the collective banking license granted under the conditions of Article R.511-3 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>), which will have an impact on their ability to issue B shares to the public in the future. These B shares are currently an essential source of financing for Crédit Mutuel Arkéa. A scheme for the issuance of shares is being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favors a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities in advance. It is therefore possible that the Crédit Mutuel Arkéa Group may not obtain the approval of the authorities, which could prevent the disaffiliation project from being carried out according to the planned target scheme. <u>Risks related to the future of the local savings banks that voted against the disaffiliation project</u> Under the DCG, the operational implementation of the disaffiliation of the Crédit Mutuel Arkéa Group remains subject to the approval and vote of the board of directors (<i>conseil d'administration</i>) of the local savings banks, the disaffiliation of Crédit Mutuel Arkéa (the inter-federal fund of the Crédit
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	Mutuel Arkéa Group) not automatically leading to the disaffiliation of the local savings banks that are its shareholders. Local savings banks that will vote against the disaffiliation of Crédit Mutuel as a whole, or do not wish to participate in the vote, may not be part of this new organization. Even if 94.5% of the local savings banks that voted in 2018 did so in favor of independence, these results do not in any way prejudice the results of the future vote of the local savings banks on the operational implementation of this disaffiliation with regard to Crédit Mutuel as a whole. Each local savings bank will be asked to give its opinion on the implementation phase of the Crédit Mutuel Arkéa Group's disaffiliation to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of an application for disaffiliation by the federation concerned, in accordance with the DCG. Local savings banks that choose to vote against disaffiliation may join another federal or inter-federal savings bank in order to benefit from a new collective license. This new affiliation will not constitute a case of early repayment of the A, B and C shares held by the members. These local savings banks will be reimbursed for the A shares they hold in the share capital of Crédit Mutuel Arkéa. It is possible that some local savings banks may ultimately choose to vote against the disaffiliation from Crédit Mutuel as a whole. However, the financial consequences for the Crédit Mutuel Arkéa Group will depend on the number and characteristics (company shares, reserves, loans, deposits) of the local savings banks that choose to vote against disaffiliation. Based on the April 2018 orientation vote, the impact of this exit on the Crédit Mutuel Arkéa Group would be minimal. <u>Risks related to the final vote of the members</u> The local savings banks that vote for the disaffiliation from the Crédit Mutuel must convene their extraordinary general meeting in order to adopt the disaffiliation project in accordance with the DCG and 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 authorization granted by the CNCM to convene the extraordinary general meeting of the concerned local savings banks, shall deal with the express approval of the disaffiliation project, the terms of disaffiliation contained in the notification file previously approved by the board of directors (<i>conseil d'administration</i>) of these local savings banks and its consequences, in particular financial consequences, for these local savings banks and their members, in accordance with Appendix 2 of the DCG. In accordance with Appendix 2 of the DCG, a presentation document summarizing the main points of the notification file as well as the amendments to the articles of association will be notified to the members at least fifteen (15) days before each extraordinary general meeting is held. Members will thus be able to express their opinion on the basis of clear, precise and exhaustive information on the disaffiliation project and its consequences for their local
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	savings bank, its members, customers, creditors, employees and the entire Crédit Mutuel group, in accordance with the DCG. The extraordinary general meeting of each local savings bank concerned shall decide in favor 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 address a new request for disaffiliation of the local savings bank 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 independence project in no way prejudice the results of the future vote of the local savings banks on the operational implementation of this disaffiliation with regard to Crédit Mutuel as a whole. It is possible that the extraordinary general meetings of some local savings banks will not adopt the disaffiliation project and will 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 (company shares, reserves, loans, deposits) of the local savings banks that choose to vote against the disaffiliation project and the amendment of their articles of association. Based on the April 2018 orientation vote, the impact of this exit on the Crédit Mutuel Arkéa Group would be minimal. <u>Risks related to the convergence process of the member local savings banks of the CMMC Federation towards Crédit Mutuel Alliance Fédérale</u> The CMMC Federation has initiated the implementation of the convergence process towards Caisse Fédérale de Crédit Mutuel (CMAF group - Crédit Mutuel Alliance Fédérale - formerly CM11 group). Between September and October 2018, the extraordinary general meetings of the local savings banks of the CMMC Federation met to decide on the convergence process. The statutory amendments necessary to continue the process have been approved by the thirty local savings banks affiliated to the CMMC Federation and should take effect for these no later than January 1st 2020. On September 5th 2019, Crédit Mutuel Arkéa signed a memorandum of understanding with Caisse Fédérale de Crédit Mutuel and the CMMC Federation to define the terms of the separation of the CMMC, which will take place on January 1st 2020. It should be noted that, to date, the banking activity of each of CMMC's thirty local savings banks is carried out through Crédit Mutuel Arkéa's collective license as a credit institution (<i>établissement de crédit</i>). Based on financial data at the end of 2018, the impact of the exit of the thirty local savings banks of the CMMC on the solvency of the Crédit Mutuel Arkéa Group is limited, estimated at the end of 2018 to a decrease of between 20 bp and 30 bp in the CET1 ratio, and would be positive <i>a priori</i> on the Crédit Mutuel Arkéa Group's income. In any event, the precise consequences remain subject to the outcome of
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	discussions between Crédit Mutuel Arkéa, Caisse Fédérale de Crédit Mutuel and the CMMC Federation. <i>Risks related to the Crédit Mutuel Arkéa Group</i> Following the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, of which the CNCM is the central body, the Crédit Mutuel Arkéa Group will always be formed around Arkéa (currently Crédit Mutuel Arkéa), which is approved as a cooperative bank and supervised directly by the ACPR and the ECB. <u>Risks related to the approval of the supervisory authorities</u> In accordance with the provisions of the French Monetary and Financial Code (<i>Code monétaire et financier</i>), and at the same time as Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel, the CNCM, as the central body, must notify the ACPR of Crédit Mutuel Arkéa's disaffiliation. The ACPR and the ECB will have to review the banking authorization of Crédit Mutuel Arkéa and the local savings banks attached to it. At this stage, extensive and documented work is underway with these authorities to obtain their agreement. No assurance can be given as to whether or not their agreement will be obtained or as to the time and manner in which their agreement will be obtained. The change of Crédit Mutuel Arkéa's corporate name will require the prior approval of these authorities. It is therefore possible that the Crédit Mutuel Arkéa Group may not obtain the agreement of the ACPR and the ECB, which could prevent the disaffiliation project from proceeding according to the planned target scheme. <u>Risks related to prudential calculations</u> In addition, the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel could lead to an evolution of the internal weighted risk calculation model leading to an increase in capital requirements, or even a transition to a standard model. At December 31st 2018, credit risk was determined for €95.5 billion of net risk exposures, including: - €64.8 billion of risk exposures are assessed using an internal rating approach, - and €30.7 billion of risk exposures are already assessed using a standard approach. Consequently, the disaffiliation from Crédit Mutuel as a whole could lead to a review of the method of assessing weighted risks for the €64.8 billion of risk exposures currently assessed using an internal rating approach, without compromising the financial strength of the Crédit Mutuel Arkéa Group. <u>Risks related to the operational procedures for disaffiliation set by the DCG</u> The DCG provides that the notification file must mention "the commitments proposed to compensate all past and future costs incurred by Crédit Mutuel entities as a result of the disaffiliation project". In addition, the application file
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	for disaffiliation to be sent to the CNCM by the federations after the vote of the members of the concerned local savings banks which are affiliated to them must include the draft memorandum of understanding setting out the commitments of these local savings banks and the operational arrangements for disaffiliation. In this context, the local savings banks will make a financial proposal to the board of directors (<i>conseil d'administration</i>) of the CNCM on the basis of objective and legally sound elements. Finally, the DCG provides that the board of directors (<i>conseil d'administration</i>) of the CNCM must determine the final terms of the disaffiliation, "taking into account, in particular, on the effective date of the disaffiliation, the amount of the indemnity to be paid to the <i>Caisse Centrale de Crédit Mutuel</i> and the memorandum of understanding setting out the commitments of the fund and the practical arrangements for disaffiliation". DCG does not specify either the method of calculating this indemnity or its amount, which may ultimately be material, which Crédit Mutuel Arkéa could then dispute. In addition, 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 approval vote of each extraordinary general meeting, or after the latter vote, the board of directors (<i>conseil d'administration</i>) of the CNCM may request any useful additional information from the local savings banks and federations concerned in order to "assess at an early date whether the essential conditions for disaffiliation are still met and the consequences of such a change for the Crédit Mutuel in the event of disaffiliation" and "decide whether to grant the disaffiliation request". It is therefore possible that Crédit Mutuel Arkéa does not agree with the CNCM on the operational arrangements for disaffiliation set by the DCG, which could prevent the disaffiliation project from being carried out. <u>Risks related to the business issues of disaffiliation</u> The disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel has a number of consequences, in particular the business issues related to the adoption by Crédit Mutuel Arkéa of a name and trademarks that do not include the use of the terms "Crédit Mutuel". In addition, the assumption that a significant number of local savings banks will be opened in the scope of the Brittany and South-West federations could increase competition with the Crédit Mutuel Arkéa Group in these two territories. In any case, the competition prevailing 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 business and industrial dynamic. It is therefore possible that Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel may have commercial impacts on the Crédit Mutuel Arkéa Group. However, work in progress indicates that the consequences of the
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	occurrence of this risk are small. <u>Risks related to Crédit Mutuel Arkéa's governance</u> The CNCM thus amended its articles of association by an extraordinary general meeting on May 16th 2018 (the "Articles of Association"). A new article 29 relating to the sanctions that may be imposed by the CNCM has been incorporated. This new Article 29 is accompanied by a disciplinary regulation which would have the same legal force as the Articles. The regulatory measures mentioned in the powers of the board of directors (<i>conseil d'administration</i>) refer to the creation of a new Article 33 of the Articles, entitled "Withdrawal of confidence or approval as a regulatory measure", which makes it possible to exclude the leaders of regional groups out of any sanction procedure. It is possible that these provisions of the Articles of Association may be implemented by the CNCM, as the potential negative impact on the Crédit Mutuel Arkéa Group may be assessed as significant. <u>Risks related to potential litigation</u> Following the implementation of the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, there is a risk of legal dispute over the disaffiliation of the Crédit Mutuel Arkéa Group, particularly in connection with the application of the DCG. In addition, the operational implementation of the disaffiliation of the Crédit Mutuel Arkéa Group could give rise to various actions or litigation against the Crédit Mutuel Arkéa Group by members, customers or counterparties of the Crédit Mutuel. The litigation or legal proceedings that may potentially be instituted could have a potentially significant negative impact on the Crédit Mutuel Arkéa Group. <u>Risks related to the loss of inter-federal solidarity</u> As from the effective date of disaffiliation, Crédit Mutuel Arkéa will no longer benefit from the inter-federal solidarity mechanism in the event of the implementation of the Crédit Mutuel Arkéa Group's independence from Crédit Mutuel as a whole. However, it is specified that Crédit Mutuel Arkéa has its own solidarity mechanism which would be used in the first instance. Thus, an affiliation agreement between all SCLs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual assistance and support mechanisms to promote the achievement of the primary mission of SCLs, namely to promote access to banking, financial and insurance services for all. Crédit Mutuel Arkéa's exit from the inter-federal solidarity mechanism could lead to the downgrading of some Crédit Mutuel Arkéa Group financial ratings. However, it should be noted that the Fitch Ratings agency already assigns a
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		rating to the Crédit Mutuel Arkéa Group independently from Crédit Mutuel as a whole, without taking into account this inter-federal solidarity mechanism. At this stage, there is no certainty as to how this situation may evolve and/or when it may result, or what impact it may have on B shares.
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RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME)

On page 31 of the Base Prospectus, Element B.5 entitled "Description du Groupe de l'Émetteur et de la position de l'Émetteur au sein du Groupe" under section B. "Émetteur" shall be deleted and replaced by the following:

B.5	Description du Groupe de l'Émetteur et de la position de l'Émetteur au sein du Groupe	L'Émetteur est la société de financement de l'habitat du Groupe Crédit Mutuel Arkéa, et émet à ce titre des obligations de financement de l'habitat. Le Groupe Crédit Mutuel Arkéa se compose de Crédit Mutuel Arkéa (société anonyme coopérative de crédit à capital variable), des entités de Crédit Mutuel (chacune, une « Entité de Crédit Mutuel ») et les autres entités (en ce compris des entités belges) (chacune, une « Autre Entité ») ainsi que leurs filiales respectives consolidées directes ou indirectes. On entend par « Entité de Crédit Mutuel » toute Caisse de Crédit Mutuel (au sens des articles L. 512-55 et suivants du Code monétaire et financier), qui est affiliée soit à la Fédération de Crédit Mutuel de Bretagne, soit à la Fédération de Crédit Mutuel du Sud-Ouest soit à la Fédération de Crédit Mutuel Massif Central. On entend par « Autre Entité » tout garant (le « Garant ») contrôlé par Crédit Mutuel Arkéa, au sens de l'article L. 233-3 du Code de commerce et qui n'est pas une Entité de Crédit Mutuel. Deuxième pôle régional du réseau Crédit Mutuel français, Crédit Mutuel Arkéa réunit les fédérations de Crédit Mutuel de Bretagne, de Crédit Mutuel du Sud-Ouest et de Crédit Mutuel Massif Central (le « CMMC ») ainsi qu'une vingtaine de filiales spécialisées. L'Émetteur est une filiale de Crédit Mutuel Arkéa qui détient 99.9% du capital social. Le conseil d'administration du Crédit Mutuel Arkéa, qui s'est tenu le 17 janvier 2018, a donné mandat aux dirigeants d'engager toute action permettant au Crédit Mutuel Arkéa de devenir un groupe bancaire coopératif indépendant du reste du Crédit Mutuel, afin de poursuivre sa stratégie originale de développement basée sur trois forces : son ancrage territorial, sa culture d'innovation et sa taille intermédiaire. Les administrateurs des caisses locales et des Fédérations de Bretagne, du Sud-Ouest et du Massif Central ont été invités à voter lors du premier semestre 2018, dans le cadre d'un vote d'orientation. A l'issue du processus de consultation engagé par les caisses locales du Groupe Crédit Mutuel Arkéa et de la tenue des conseils d'administration des fédérations, le Groupe Crédit Mutuel Arkéa a officialisé les résultats des votes des 307 caisses locales qui se sont exprimées. 94.5 % des caisses locales se sont prononcées en faveur du projet d'indépendance du Crédit Mutuel Arkéa qui deviendra ainsi un groupe coopératif et territorial, indépendant du reste du Crédit Mutuel. Ce vote acte la volonté de sortie du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel et permet d'ouvrir un projet visant à définir les modalités de sa désaffiliation. Ce projet vise à préserver les caractéristiques fondamentales du modèle coopératif et de la raison d'être du Groupe Crédit Mutuel Arkéa. Il est également porteur de développement et permettra au Groupe Crédit Mutuel
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	Arkéa de continuer à servir ses sociétaires, clients et partenaires. Le Groupe Crédit Mutuel Arkéa a engagé la mise en oeuvre opérationnelle de sa désaffiliation. Le conseil d'administration de Crédit Mutuel Arkéa, en date du 29 juin 2018, a approuvé les grands principes du schéma d'organisation cible du futur groupe indépendant. Des travaux permettant de définir les modalités techniques détaillées du projet ont été engagés depuis plusieurs mois et sont en voie de finalisation avec les superviseurs. Les opérations de désaffiliation seront ensuite initiées en lien avec la Confédération Nationale du Crédit Mutuel (la « CNCM ») et dans la limite des pouvoirs qui lui sont attribués par la loi. Le conseil d'administration de la CNCM, en date du 18 février 2019, a reconnu la possibilité de sortir de l'ensemble Crédit Mutuel en adoptant une décision de caractère général n°1-2019, relative à la désaffiliation des caisses de Crédit Mutuel à leur demande (la « DCG »). Conformément à la DCG, les principales étapes de la désaffiliation sont les suivantes : (i) les conseils d'administration des caisses locales du Groupe Crédit Mutuel Arkéa souhaitant se désaffilier de l'ensemble Crédit Mutuel devront adopter un dossier de notification du projet de désaffiliation. La consultation des caisses locales interviendra à l'issue des discussions en cours avec la Banque Centrale Européenne (la « BCE ») et l'ACPR sur la base d'un dossier de consultation ; (ii) chaque fédération devra ensuite notifier à la CNCM le projet de désaffiliation de chaque caisse locale ; (iii) une fois autorisée par le conseil d'administration de la CNCM dans un délai de deux mois à compter de la réception du projet de désaffiliation, chaque fédération pourra organiser la consultation des sociétaires de chaque caisse locale réunis en assemblée générale extraordinaire. Le projet de désaffiliation doit être adopté à la majorité des deux tiers des sociétaires présents ou représentés ; et (iv) en cas d'approbation du projet de désaffiliation par les sociétaires, le conseil d'administration de la CNCM statue sur la demande de désaffiliation dans un délai de deux mois à compter de la réception du dossier complet transmis par les fédérations. Un protocole d'accord entre les caisses sortantes et la CNCM fixant les engagements des caisses et les modalités pratiques de leur désaffiliation doit notamment être conclu. S'agissant du processus de convergence des caisses locales adhérentes de la fédération du CMMC vers le Crédit Mutuel Alliance Fédérale (le « CMAF »), le conseil d'administration de la CNCM en date du 19 juin 2018 a donné son agrément préalable au projet de convergence du CMMC vers le CMAF. Les organes de gouvernance de la fédération et de la caisse régionale du CMMC en date du 29 juin 2018 ont approuvé le processus de convergence. Le 5 septembre 2019, Crédit Mutuel Arkéa a signé, avec la Caisse Fédérale de Crédit Mutuel et la Fédération du CMMC, un protocole d'accord visant à définir les modalités de la séparation de la Fédération du CMMC, qui interviendra le 1er janvier 2020. En tout état de cause, et tant que les opérations liées au changement de caisse interfédérale et d'agrément collectif, l'activité bancaire de chacune des trente
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		caisses locales du CMMC demeure via l'agrément collectif de Crédit Mutuel Arkéa en qualité d'établissement de crédit.
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On page 34 of the Base Prospectus, the Element B.12 entitled "*Sélection d'informations financières historiques clés*" under section B. "*Émetteur*" shall be completed by the following:

B.12	Sélection d'informations financières historiques clés	<u>Données financières semestrielles comparées (en milliers d'euros)</u>		
		Compte de résultat	30 juin 2019	30 juin 2018
		Produit net bancaire	1.702	1.300
		Résultat brut d'exploitation	1.892	337
		Résultat net	1.565	138
		Bilan	30 juin 2019	31 décembre 2018
		Total du bilan consolidé	6.976.117	6.987.902
		Fonds propres	73.892	42.607
		Titres de créances	6.974.207	6.913.277

On page 34 of the Base Prospectus, the last paragraph of Element B.12 entitled "*Sélection d'informations financières historiques clés*" under section B. "*Émetteur*" shall be deleted and replaced by the following:

B.12	Sélection d'informations financières historiques clés	À la connaissance de l'Émetteur, aucun changement défavorable significatif influant sur ses perspectives d'activité n'a eu lieu depuis la date des derniers états financiers au 31 décembre 2018, et il n'est survenu aucun changement significatif dans la situation financière ou commerciale de l'Émetteur depuis le 30 juin 2019.
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On page 44 of the Base Prospectus, the risk factors linked to the borrower on pages 45 to 51 under Element D.2 entitled "*Risques clés propres à l'Émetteur*" under section D. "*Risques*" shall be deleted and replaced by the following:

D.2	Risques clés propres à l'Émetteur	<i>Les facteurs de risques liés à l'Emprunteur incluent notamment :</i> - l'Émetteur supporte un risque lié à la capacité de l'Emprunteur à payer conformément à la Convention de Crédit ; - la notation des Obligations Sécurisées peut être affectée par divers facteurs ; - les risques relatifs à la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel : (i) <u>Modification de l'organisation des principaux acteurs de l'offre au public des parts sociales</u> <i>Un groupe bancaire coopératif indépendant du reste du Crédit Mutuel</i>
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	Le conseil d'administration du Crédit Mutuel Arkéa, qui s'est tenu le 17 janvier 2018, a donné mandat aux dirigeants d'engager toute action permettant au Crédit Mutuel Arkéa de devenir un groupe bancaire coopératif indépendant du reste du Crédit Mutuel, afin de poursuivre sa stratégie originale de développement basée sur trois forces : son ancrage territorial, sa culture d'innovation et sa taille intermédiaire. Les administrateurs des caisses locales et des Fédérations de Bretagne, du Sud-Ouest et du Massif Central ont été invités à voter lors du premier semestre 2018, dans le cadre d'un vote d'orientation. Le conseil d'administration de la Fédération du CMMC s'est opposé au principe d'une consultation des conseils d'administration de son périmètre. Toutefois, la consultation a été engagée par 6 des 30 caisses locales adhérentes de la Fédération du CMMC. A l'issue du processus de consultation engagé par les caisses locales du Groupe Crédit Mutuel Arkéa et de la tenue des Conseils d'administration des fédérations, le Groupe Crédit Mutuel Arkéa a officialisé les résultats des votes des 307 caisses locales qui se sont exprimées. 94.5 % des caisses locales se sont prononcées en faveur du projet d'indépendance du Crédit Mutuel Arkéa qui deviendra ainsi un groupe coopératif et territorial, indépendant du reste du Crédit Mutuel. Ce vote acte la volonté de sortie du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel et permet d'ouvrir un projet visant à définir les modalités de sa désaffiliation dans le cadre de la DCG. Ce projet vise à préserver les caractéristiques fondamentales du modèle coopératif et de la raison d'être du Groupe Crédit Mutuel Arkéa. Il est également porteur de développement et permettra au Groupe Crédit Mutuel Arkéa de continuer à servir ses sociétaires, clients et partenaires. <i>La mise en oeuvre opérationnelle de la désaffiliation</i> Le Groupe Crédit Mutuel Arkéa a engagé la mise en oeuvre opérationnelle de sa désaffiliation. Le conseil d'administration de Crédit Mutuel Arkéa, en date du 29 juin 2018, a approuvé les grands principes du schéma d'organisation cible du futur groupe indépendant. Des travaux permettant de définir les modalités techniques détaillées du projet ont été engagés depuis plusieurs mois et sont en voie de finalisation avec les superviseurs. Les opérations de désaffiliation seront ensuite initiées en lien avec la CNCM et dans la limite des pouvoirs qui lui sont attribués par la loi. Le conseil d'administration de la CNCM, en date du 18 février 2019, a reconnu la possibilité de sortir de l'ensemble Crédit Mutuel en adoptant la DCG, relative à la désaffiliation des caisses de Crédit Mutuel à leur demande. Conformément à la DCG, les principales étapes de la désaffiliation sont les suivantes : (i). les conseils d'administration des caisses locales du Groupe Crédit Mutuel Arkéa souhaitant se désaffilier de l'ensemble Crédit Mutuel devront adopter un dossier de notification du projet de désaffiliation. La consultation des conseils d'administration des caisses locales interviendra à l'issue des discussions en cours avec la BCE et l'ACPR sur la base d'un dossier de consultation ;
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	(ii). chaque fédération devra ensuite notifier à la CNCM le projet de désaffiliation de chaque caisse locale ; (iii). une fois autorisée par le conseil d'administration de la CNCM dans un délai de deux mois à compter de la réception du projet de désaffiliation, chaque fédération pourra organiser la consultation des sociétaires de chaque caisse locale réunis en assemblée générale extraordinaire. Le projet de désaffiliation doit être adopté à la majorité des deux tiers des sociétaires présents ou représentés ; (iv). en cas d'approbation du projet de désaffiliation par les sociétaires, le conseil d'administration de la CNCM statue sur la demande de désaffiliation dans un délai de deux mois à compter de la réception du dossier complet transmis par les fédérations. Un protocole d'accord entre les caisses sortantes et la CNCM fixant les engagements des caisses et les modalités pratiques de leur désaffiliation doit notamment être conclu. <i>Le schéma-cible du Groupe Crédit Mutuel Arkéa</i> Dans le cadre du projet de schéma-cible, le Groupe Crédit Mutuel Arkéa sera constitué autour d'Arkéa (actuellement Crédit Mutuel Arkéa), société anonyme coopérative à capital variable et union de coopératives, qui demeurera agréé individuellement en qualité de banque coopérative. Arkéa sera notamment régi par la loi n°47-1775 du 10 septembre 1947 portant statut de la coopération (la « Loi de 1947 ») et l'article L. 512-1 du Code monétaire et financier. Les caisses locales deviendront les sociétés coopératives locales (les « SCL »), conservant leur statut de sociétés coopératives à capital variable, et continueront à constituer entre elles l'union de coopératives Arkéa, en application de la Loi de 1947. L'objet des nouvelles SCL sera recentré sur leur première raison d'être : développer le sociétariat et faciliter l'accès aux services bancaires, financiers et d'assurance. Elles seront ainsi notamment en charge de l'accompagnement et la promotion du sociétariat dans le cadre de leur rayonnement territorial. Pour ce faire, l'ensemble des activités financières réglementées des caisses locales sera apporté à Arkéa, qui ouvrira corrélativement des agences locales au sein des SCL. De plus, dans le cadre de cette nouvelle organisation, toutes les opérations de banque et les services d'investissement seront alors effectués par l'agence locale d'Arkéa, ouverte dans les mêmes locaux que ceux de la SCL. Chaque SCL pourra également conseiller l'agence locale d'Arkéa qui lui est rattachée en vue de fournir des services bancaires, financiers et d'assurance adaptés aux sociétaires. Conformément à la Loi de 1947, chaque sociétaire continuera de participer à la vie sociale de la SCL suivant le principe consacré « une personne, une voix » et se porter candidat à l'élection des membres du conseil d'administration de sa SCL. Les SCL demeureront détentrices des actions A émises par Arkéa. En d'autres termes, la gouvernance d'Arkéa reposera sur l'implication et la participation de chaque SCL jouant leur rôle d'actionnaire.
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	De plus, un pacte d’affiliation entre toutes les SCL et Arkéa sera conclu pour une durée de 99 ans en vue de mettre en oeuvre des mécanismes de solidarité, d’entraide et de soutien pour favoriser l’accomplissement de la mission primordiale des SCL, à savoir favoriser l’accès à toutes et à tous aux services bancaires, financiers et d’assurance. Des fédérations régionales garantiront le bon fonctionnement et la bonne gouvernance des SCL. Un schéma d’émission de parts sociales est en cours de discussion avec l’ACPR et la BCE. A cet égard, il est précisé que les travaux en cours privilégient un schéma dans lequel les parts sociales d’Arkéa seraient émises par Arkéa elle-même. En tout état de cause le schéma envisagé sera préalablement soumis aux autorités. (ii) <u>Risques relatifs à la complexité du contexte et risques liés à la désaffiliation du Groupe Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel</u> Crédit Mutuel Arkéa considère que les facteurs décrits ci-dessous pourraient affecter la mise en oeuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel. Ils sont liés à des événements qui peuvent ou non se produire. Leur probabilité d’occurrence et leur ampleur en cas d’occurrence sont évaluées par Crédit Mutuel Arkéa pour chaque facteur de risque. Le projet de désaffiliation tel qu’envisagé par Crédit Mutuel Arkéa est inédit et complexe à réaliser. L’attention des investisseurs est attirée sur la complexité de la situation liée au projet de désaffiliation du Groupe Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel et des incertitudes et des risques qui y sont liés. Cette complexité porte notamment, mais pas exclusivement, sur les mécanismes de consolidation comptable et prudentielle qui devront être mis en oeuvre et qui ont pour objet de déterminer le périmètre de surveillance du Groupe Crédit Mutuel Arkéa par les autorités de supervision, une fois sorti de l’ensemble Crédit Mutuel. Du fait de son caractère inédit et complexe, le projet de désaffiliation suppose, pour sa mise en oeuvre, que des conditions soient réunies tenant notamment aux différentes étapes décrites au paragraphe sur la mise en oeuvre opérationnelle de la désaffiliation. Avant toute décision d’investissement, les investisseurs potentiels doivent mener une analyse approfondie du projet de désaffiliation, du schéma cible d’organisation du Groupe Crédit Mutuel Arkéa tel que décrit ci-dessus et des incertitudes et risques qui y sont liés, tels que décrits ci-dessous. Les investisseurs doivent notamment examiner attentivement toute l’information incluse dans le présent Prospectus de Base et en particulier, en prenant leur décision d’investissement, les facteurs de risques liés à la modification de l’organisation des principaux acteurs des parts sociales et des risques liés à la désaffiliation du Groupe Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel énumérés dans le présent Prospectus de Base. La mise en oeuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa ne modifiera pas sa nature de groupe coopératif et territorial. Cependant, sa désaffiliation de l’ensemble Crédit Mutuel a des conséquences qui peuvent
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	être difficiles à appréhender par l'investisseur mais qui doivent être comprises et analysées avant de prendre toute décision d'investissement. Du fait de son caractère inédit, Crédit Mutuel Arkéa ne peut garantir que le projet sera conduit à son terme, qu'il ne devra pas faire l'objet de modifications majeures par rapport à ce qui était initialement prévu ou que des difficultés nouvelles n'émergeront pas lors de sa mise en oeuvre. <i>Risques liés aux caisses locales</i> <u>Incertitudes quant aux parts sociales émises par les caisses locales avant la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel</u> L'analyse réalisée par Crédit Mutuel Arkéa de la mise en oeuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel a confirmé que, dans le schéma-cible prévu, les parts sociales A, B et C émises par les caisses locales à ce jour ne seront pas affectées. En effet, les cas de remboursement anticipé reposant sur une base légale applicables aux parts sociales A, B et C résultent (i) de la Loi de 1947 et (ii) du règlement (UE) n°575/2013 du 26 juin 2013 tel que modifié compte tenu de la qualité de fonds propres des parts sociales. Ces textes ne comportent pas de cas de remboursement anticipé relatif à la perte de l'agrément bancaire des caisses locales ou de changement d'objet pour autant que le statut coopératif demeure. De même, les modalités contractuelles des parts sociales A, B et C ne comportent pas de cas de remboursement anticipé relatif à la perte de l'agrément des caisses locales devenues SCL. Le risque est donc faible, dans le schéma-cible prévu, que les parts sociales émises par les caisses locales avant la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel soient affectées. <u>Incertitudes quant à la mise en place d'un nouveau schéma d'émission de parts sociales après la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel</u> La désaffiliation des caisses locales de l'ensemble Crédit Mutuel emportera la perte du bénéfice de l'agrément bancaire collectif octroyé dans les conditions de l'article R.511-3 du Code monétaire et financier, ce qui aura un impact sur leur possibilité d'émettre, pour le futur, des parts sociales B par offre au public. Ces parts sociales B constituent à ce jour une source de financement essentiel pour Crédit Mutuel Arkéa. Un schéma d'émission de parts sociales est en cours de discussion avec l'ACPR et la BCE. A cet égard, il est précisé que les travaux en cours privilégient un schéma dans lequel les parts sociales d'Arkéa seraient émises par Arkéa elle-même. En tout état de cause le schéma envisagé sera préalablement soumis aux autorités. Il est donc possible que le Groupe Crédit Mutuel Arkéa n'obtienne pas l'accord des autorités, ce qui pourrait empêcher le projet de désaffiliation de se réaliser selon le schéma-cible prévu. <u>Risques liés au sort des caisses locales ayant voté contre le projet de</u>
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	<u>désaffiliation</u> Dans le cadre de la DCG, la réalisation de la mise en oeuvre opérationnelle de la désaffiliation du Groupe Crédit Mutuel Arkéa reste soumise à l’approbation et au vote des conseils d’administration des caisses locales, la désaffiliation de Crédit Mutuel Arkéa (caisse interfédérale du Groupe Crédit Mutuel Arkéa) n’entraînant pas automatiquement la désaffiliation des caisses locales qui en sont actionnaires. Les caisses locales qui voteront contre la désaffiliation de l’ensemble Crédit Mutuel, ou ne souhaitant pas participer au vote, pourront ne pas faire partie de cette nouvelle organisation. Même si 94.5 % des caisses locales qui se sont prononcées en 2018 l’ont fait en faveur de l’indépendance, ces résultats ne préjugent en rien des résultats du futur vote des caisses locales relatif à la mise en oeuvre opérationnelle de cette désaffiliation vis-à-vis de l’ensemble Crédit Mutuel. Chaque caisse locale sera appelée à se prononcer sur la phase de mise en oeuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa pour approuver le projet de désaffiliation, les modalités de désaffiliation et le dépôt d’une demande de désaffiliation par la fédération concernée, conformément à la DCG. Les caisses locales qui choisiront de voter contre la désaffiliation pourront se rattacher à une autre caisse fédérale ou interfédérale afin de bénéficier d’un nouvel agrément collectif. Cette nouvelle affiliation ne constituera pas un cas de remboursement anticipé des parts sociales A, B et C détenues par les sociétaires. Ces caisses locales se verront rembourser les actions A qu’elles détiennent dans le capital social de Crédit Mutuel Arkéa. Il est possible que certaines caisses locales choisissent in fine de voter contre la désaffiliation de l’ensemble Crédit Mutuel. Toutefois, les conséquences financières sur le Groupe Crédit Mutuel Arkéa dépendront du nombre et des caractéristiques (parts sociales, réserves, crédits, dépôts) des caisses locales qui choisiront de voter contre la désaffiliation. Sur la base du vote d’orientation d’avril 2018, l’impact de cette sortie sur le Groupe Crédit Mutuel Arkéa serait faible. <u>Risques liés au vote définitif des sociétaires</u> Les caisses locales qui voteront pour la désaffiliation de l’ensemble Crédit Mutuel devront convoquer leur assemblée générale extraordinaire afin d’adopter le projet de désaffiliation conformément à la DCG et d’approuver la modification de leurs statuts y afférant. Le vote des sociétaires, qui, conformément à l’Article 2.3 de la DCG, ne pourra intervenir moins de deux mois après l’autorisation accordée par la CNCM de convoquer l’assemblée générale extraordinaire des caisses locales concernées, portera sur l’approbation expresse du projet de désaffiliation, les modalités de désaffiliation figurant dans le dossier de notification préalablement approuvé par les conseils d’administration de ces caisses locales et sur ses conséquences notamment financières, pour ces caisses locales et leurs sociétaires, conformément à l’Annexe 2 de la DCG.
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	Conformément à l'Annexe 2 de la DCG, un document de présentation synthétisant les points principaux du dossier de notification ainsi que les modifications statutaires sera notifié aux sociétaires quinze (15) jours au moins avant la tenue de chaque assemblée générale extraordinaire. Les sociétaires pourront ainsi se prononcer sur la base d'une information claire, précise et exhaustive du projet de désaffiliation et ses conséquences pour leur caisse locale, ses sociétaires, ses clients, ses créanciers, ses salariés et l'ensemble du groupe Crédit Mutuel, conformément à la DCG. L'assemblée générale extraordinaire de chaque caisse locale concernée devra se prononcer en faveur de la demande de désaffiliation à la majorité des deux tiers des sociétaires présents ou représentés, conformément à l'article 2.4 de la DCG. En cas de désapprobation d'une assemblée générale extraordinaire, la fédération concernée ne peut transmettre une nouvelle demande de désaffiliation de la caisse locale concernée avant un délai de trois (3) ans, conformément à l'article 2.3 de la DCG. Les résultats du vote d'orientation relatif au projet d'indépendance du Groupe Crédit Mutuel Arkéa ne préjugent en rien des résultats du futur vote des caisses locales relatif à la mise en œuvre opérationnelle de cette désaffiliation vis-à-vis de l'ensemble Crédit Mutuel. Il est possible que les assemblées générales extraordinaires de certaines caisses locales n'adoptent pas le projet de désaffiliation et n'approuvent pas la modification de leurs statuts y afférant. Toutefois, les conséquences financières sur le Groupe Crédit Mutuel Arkéa dépendront du nombre et des caractéristiques (parts sociales, réserves, crédits, dépôts) des caisses locales qui choisiront de voter contre le projet de désaffiliation et la modification de leurs statuts. Sur la base du vote d'orientation d'avril 2018, l'impact de cette sortie sur le Groupe Crédit Mutuel Arkéa serait faible. <u>Risques liés au processus de convergence des caisses locales adhérentes de la Fédération du CMMC vers le Crédit Mutuel Alliance Fédérale</u> La Fédération du CMMC a engagé la mise en œuvre du processus de convergence vers la Caisse Fédérale de Crédit Mutuel (groupe CMAF – Crédit Mutuel Alliance Fédérale – anciennement groupe CM11). Entre septembre et octobre 2018, les assemblées générales extraordinaires des caisses locales de la Fédération du CMMC se sont réunies afin de se prononcer sur le processus de convergence. Les modifications statutaires nécessaires à la poursuite du processus ont été validées par les trente caisses locales affiliées à la Fédération du CMMC et devraient prendre effet, pour ces caisses locales, au plus tard le 1er janvier 2020. Le 5 septembre 2019, Crédit Mutuel Arkéa a signé, avec la Caisse Fédérale de Crédit Mutuel et la Fédération du CMMC, un protocole d'accord visant à définir les modalités de la séparation de la Fédération du CMMC, qui interviendra le 1er janvier 2020. Il est rappelé qu'à ce jour, l'activité bancaire de chacune des trente caisses locales du CMMC est exercée via l'agrément collectif de Crédit Mutuel Arkéa en qualité d'établissement de crédit.
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	A partir des données financières arrêtées à fin 2018, l'impact de la sortie des trente caisses locales du CMMC sur la solvabilité du Groupe Crédit Mutuel Arkéa est limité, estimé à fin 2018 à une baisse comprise entre 20 bp et 30 bp sur le ratio CET1, et serait positif a priori sur le résultat du Groupe Crédit Mutuel Arkéa. En tout état de cause, les conséquences précises restent conditionnées à l'issue des discussions entre Crédit Mutuel Arkéa, la Caisse Fédérale de Crédit Mutuel et la Fédération du CMMC. <i>Risques liés au Groupe Crédit Mutuel Arkéa</i> A l'issue de la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel dont la CNCM est l'organe central, le Groupe Crédit Mutuel Arkéa sera toujours constitué autour d'Arkéa (actuellement Crédit Mutuel Arkéa) agréée en tant que banque coopérative et supervisée directement par l'ACPR et la BCE. <u>Risques liés à l'accord des autorités de contrôle</u> Conformément aux dispositions du Code monétaire et financier, concomitamment à la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel, la CNCM, en tant qu'organe central, devra notifier l'ACPR de la désaffiliation de Crédit Mutuel Arkéa. L'ACPR et la BCE devront procéder au réexamen de l'agrément bancaire de Crédit Mutuel Arkéa et des caisses locales qui lui sont rattachées. A ce stade, des travaux approfondis et documentés sont en cours avec ces autorités, afin d'obtenir leur accord. Aucune assurance ne peut être donnée quant à l'obtention de leur accord ni quant au délai et aux modalités de l'obtention de leur accord. La modification de la dénomination sociale de Crédit Mutuel Arkéa nécessitera l'accord préalable de ces autorités. Il est donc possible que le Groupe Crédit Mutuel Arkéa n'obtienne pas l'accord de l'ACPR et de la BCE, ce qui pourrait empêcher le projet de désaffiliation de se réaliser selon le schéma-cible prévu. <u>Risques liés aux calculs prudentiels</u> Par ailleurs, la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel pourrait entraîner une évolution du modèle interne de calcul des risques pondérés conduisant à une augmentation des exigences en fonds propres, voire un passage vers un modèle standard. Au 31 décembre 2018, le risque de crédit est déterminé pour 95,5 Mds € d'expositions nettes au risque, dont : 64,8 Mds € d'expositions au risque sont évaluées selon une approche notation interne, et 30,7 Mds € d'expositions au risque sont déjà évaluées selon une approche standard. Par conséquent, la désaffiliation de l'ensemble Crédit Mutuel pourrait conduire à revoir le mode d'évaluation des risques pondérés pour les 64,8 Mds
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	€ d'expositions au risque actuellement évaluées selon une approche notation interne, sans remettre en cause la solidité financière du Groupe Crédit Mutuel Arkéa. <u>Risques liés aux modalités pratiques de la désaffiliation fixées par la DCG</u> La DCG prévoit que le dossier de notification devra mentionner « les engagements proposés par la caisse pour indemniser l'ensemble des coûts passés et futurs supportés par les entités du groupe Crédit Mutuel du fait du projet de désaffiliation ». Par ailleurs, le dossier de demande de désaffiliation qui sera transmis à la CNCM par les fédérations après le vote des sociétaires des caisses locales concernées qui leur sont affiliées devra comporter le projet de protocole d'accord fixant les engagements de ces caisses locales et les modalités pratiques de désaffiliation. Dans ce cadre, les Caisses feront une proposition financière au conseil d'administration de la CNCM sur la base d'éléments objectifs et juridiquement fondés. La DCG prévoit enfin que le conseil d'administration de la CNCM doit arrêter les conditions définitives de la désaffiliation, « tenant, en particulier, à la date effective de la désaffiliation de la caisse concernée, au montant de l'indemnité devant être versée à la Caisse Centrale de Crédit Mutuel et au protocole d'accord fixant les engagements de la caisse et les modalités pratiques de désaffiliation ». La DCG ne précise ni les modalités de calcul de cette indemnité, ni son montant, celui-ci pouvant in fine être significatif, ce que Crédit Mutuel Arkéa pourrait alors contester. Par ailleurs, conformément à l'article 2.4 de la DCG, en cas de changement dans les circonstances de droit ou de fait entre l'autorisation donnée aux fédérations d'organiser le vote des sociétaires et le vote d'approbation de chaque assemblée générale extraordinaire, ou après ce dernier vote, le conseil d'administration de la CNCM pourra demander aux caisses locales et aux fédérations concernées tout complément utile afin d'« apprécier à bref délai si les conditions essentielles de la désaffiliation sont toujours réunies ainsi que les conséquences d'un tel changement pour le groupe Crédit Mutuel en cas de réalisation de la désaffiliation » et « décider s'il y a lieu de donner suite à la demande de désaffiliation ». Il est donc possible que Crédit Mutuel Arkéa ne s'accorde pas avec la CNCM sur les modalités pratiques de la désaffiliation fixées par la DCG, ce qui pourrait empêcher le projet de désaffiliation de se réaliser. <u>Risques liés aux enjeux commerciaux de la désaffiliation</u> La désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel a un certain nombre de conséquences, notamment les enjeux commerciaux liés à l'adoption par Crédit Mutuel Arkéa d'une dénomination et de marques commerciales ne reprenant pas les termes « Crédit Mutuel ». Par ailleurs, l'hypothèse de l'ouverture d'un nombre important de caisses locales de Crédit Mutuel sur le territoire des Fédérations de Bretagne et du Sud-Ouest pourrait accroître la concurrence avec le Groupe Crédit Mutuel Arkéa sur ces deux territoires.
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	En tout état de cause, la concurrence qui prévaut sur le secteur bancaire en France est forte. Le Groupe Crédit Mutuel Arkéa considère que l'intensification de la concurrence dans le cadre de son projet de désaffiliation ne portera pas atteinte à ses capacités de développement. Les travaux préparatoires conduisant à l'adoption d'une nouvelle marque sont en voie d'achèvement afin d'engager une nouvelle dynamique commerciale et industrielle. Il est donc possible que la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel ait des impacts de nature commerciale sur le Groupe Crédit Mutuel Arkéa. Toutefois, les travaux en cours permettent de déterminer que les conséquences de l'occurrence de ce risque sont faibles. <u>Risques liés à la gouvernance de Crédit Mutuel Arkéa</u> La CNCM a ainsi modifié ses statuts par une assemblée générale extraordinaire en date du 16 mai 2018 (les « Statuts »). Un nouvel article 29 relatif aux sanctions pouvant être prononcées par la CNCM a été intégré aux Statuts. Ce nouvel article 29 s'accompagne d'un règlement disciplinaire qui aurait même valeur juridique que les Statuts. Les mesures de régulation mentionnées dans les pouvoirs du conseil d'administration renvoient à la création d'un nouvel article 33 des Statuts, intitulé « Retrait de confiance ou d'agrément à titre de mesure de régulation », permettant d'écarter les dirigeants des groupes régionaux en dehors de toute procédure de sanction. Il est possible que ces dispositions des Statuts soient mises en oeuvre par la CNCM, l'impact négatif potentiel sur le Groupe Crédit Mutuel Arkéa pouvant être évalué comme significatif. <u>Risques liés aux contentieux éventuels</u> Suite à la mise en oeuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel, il existe un risque de contestation juridique sur la désaffiliation du Groupe Crédit Mutuel Arkéa, notamment dans le cadre de l'application de la DCG. Par ailleurs, la mise en oeuvre opérationnelle de la désaffiliation du Groupe Crédit Mutuel Arkéa pourrait donner lieu à divers recours ou engendrer des contentieux à l'encontre du Groupe Crédit Mutuel Arkéa de la part de sociétaires, clients ou de contreparties de l'ensemble Crédit Mutuel. Les contentieux ou recours qui seraient potentiellement exercés pourraient avoir un impact négatif potentiel significatif sur le Groupe Crédit Mutuel Arkéa. <u>Risques liés à la perte de la solidarité interfédérale</u> Le Crédit Mutuel Arkéa ne bénéficiera plus, à compter de la date effective de désaffiliation, du mécanisme de solidarité interfédérale en cas de mise en oeuvre de l'indépendance du Groupe Crédit Mutuel Arkéa vis-à-vis de l'ensemble Crédit Mutuel.
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		Toutefois, il est précisé que le Crédit Mutuel Arkéa dispose de son propre mécanisme de solidarité qui interviendrait en premier ressort. Ainsi un pacte d'affiliation entre toutes les SCL et Arkéa sera conclu pour une durée de 99 ans en vue de mettre en oeuvre des mécanismes de solidarité, d'entraide et de soutien pour favoriser l'accomplissement de la mission primordiale des SCL, à savoir favoriser l'accès à toutes et à tous aux services bancaires, financiers et d'assurance. La sortie de Crédit Mutuel Arkéa du mécanisme de solidarité interfédérale pourrait conduire à baisser certaines notations financières du Groupe Crédit Mutuel Arkéa. Pour autant, il faut noter que l'agence Fitch Ratings attribue d'ores et déjà une note au Groupe Crédit Mutuel Arkéa de façon indépendante de l'ensemble Crédit Mutuel, sans prise en compte de ce mécanisme de solidarité interfédérale. A ce stade, il n'y a pas de certitude sur la manière dont cette situation pourrait évoluer et/ou sur l'échéance à laquelle elle pourrait aboutir, ou sur l'impact qu'elle pourrait avoir sur les Parts B.
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RISK FACTORS

On page 64 of the Base Prospectus, the sub-section "Risks related to the Borrower" under section "Risk Factors" shall be deleted and replaced by the following:

Borrower's ability to pay under the Borrower Facility Agreement

Neither the Issuer, the Borrower nor any other party to the Programme Documents (other than upon certain circumstances, the Cash Collateral Provider and without prejudice to the Collateral Security granted by the Collateral Providers) guarantees or warrants the full and timely payment by the Borrower of any sums of principal or interest payable under the Borrower Advances, being part of the Issuer assets.

Should the Borrower be subject to any applicable insolvency proceedings (including, the procedures of safeguard, moratorium, suspension of payments, controlled management, liquidation or similar insolvency proceedings), this would impair the ability of the Issuer to claim against the Borrower to obtain timely payment of amounts of principal and interest due and payable under the Borrower Advances.

However in such event, the Issuer would be entitled to accelerate the payment of such amounts and then immediately enforce the Collateral Security or the Cash Collateral (including upon and following the commencement of insolvency proceedings against the Cash Collateral Provider and/or the Collateral Providers).

Credit rating of the Covered Bonds may be affected by various factors

In the rating agencies' methodologies, the credit rating of a covered bond program is linked to the credit rating attributed to the issuer's parent. The rating criteria for the Issuer include both the financial health of its parent, Crédit Mutuel Arkéa, as well as the strength of the support which is granted by the entities of the Crédit Mutuel Arkéa Group as Collateral Providers by way of the Collateral Security and various other structural features such as any Cash Collateral that aim to achieve a de-linkage between the rating of Crédit Mutuel Arkéa and the rating of the Covered Bonds. Nevertheless, if the Collateral Security and the other support granted to the Issuer prove insufficient or fail to be granted to the Issuer in accordance with the Programme Documents, decreases in the credit rating of Crédit Mutuel Arkéa may cause a decrease in the credit rating of the Covered Bonds. Furthermore, failure to meet any overcollateralisation requirement required by the Rating Agencies may result not only in the occurrence of a Borrower Event of Default but also in a downgrade of the rating assigned to the Covered Bonds. If the credit rating of the Covered Bonds were reduced due to these factors, such downgrade may adversely affect the value of the outstanding Covered Bonds, increase the Issuer's cost of borrowing and adversely affect the Issuer's ability to issue new Covered Bonds.

Risks related to the disaffiliation of Arkéa's group from Crédit Mutuel

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

1.1.1. A cooperative banking group independent from the rest of Crédit Mutuel

At its meeting of January 17th 2018, the board of directors (*conseil d'administration*) of Crédit Mutuel Arkéa mandated the managers to take all necessary measures to enable Crédit Mutuel Arkéa to become a cooperative banking group independent of the rest of Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial roots, its culture of innovation and its intermediate size.

During the first half of 2018, the directors of the local savings banks and Federations of Crédit Mutuel de Bretagne, du Sud-Ouest and du Massif Central were invited to vote, as part of an orientation vote. The board of directors (*conseil d'administration*) of the Crédit Mutuel Massif Central (the "CMMC") Federation opposed the principle of consulting the board of directors (*conseil d'administration*) within its scope. However, the consultation was initiated by 6 of the 30 local savings banks that are members of the CMMC Federation. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the meeting of the board of directors (*conseil d'administration*) of the federations, the Crédit Mutuel Arkéa Group made official the results of the votes of the 307 local savings banks that were cast. 94.5% of them voted in favor of Crédit Mutuel Arkéa's independence project, 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 intention to leave the Crédit Mutuel and makes it possible to start a project to define the terms and conditions for its disaffiliation within the framework of general decision n°1-2019 (the "DCG").

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 growth driver and will enable the Crédit Mutuel Arkéa Group to continue to serve its members, customers and partners.

1.1.2. The operational implementation of disaffiliation

The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. On June 29th 2018, Crédit Mutuel Arkéa's board of directors (*conseil d'administration*) approved the main principles of the target organizational structure of the future independent group. Work to define the detailed technical details of the project has been underway for several months and is in the process of being finalized with the supervisors.

Disaffiliation operations will then be initiated in conjunction with the Confederation Nationale du Crédit Mutuel (the "CNCM") and within the limits of the powers granted to it by law.

On February 18th 2019, the CNCM's board of directors (*conseil d'administration*) recognized the possibility of leaving the Crédit Mutuel as a whole by adopting the DCG, relating to the disaffiliation of Crédit Mutuel's banks at their request. In accordance with the DCG, the main steps of disaffiliation are as follows:

- (i). the board of directors (*conseil d'administration*) of the local savings banks of the Crédit Mutuel Arkéa Group wishing to disaffiliate from the Crédit Mutuel must adopt a notification file for the disaffiliation project. The consultation of the board of directors (*conseil d'administration*) of the local savings banks will take place at the end of the 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 disaffiliation project of each local savings bank;

(iii). once authorized by the board of directors (*conseil d'administration*) of the CNCM within two months of receipt of the disaffiliation project, each federation may organize consultation with the members of each local savings bank at an extraordinary general meeting. The proposed disaffiliation must be adopted by a two-thirds majority of the members present or represented;

(iv). in the event of approval of the disaffiliation project by the members, the board of directors (*conseil d'administration*) of the CNCM shall decide on the request for disaffiliation within two months of receipt of the complete file sent by the federations. In particular, a memorandum of understanding between the outgoing local savings banks and the CNCM must be concluded setting out the commitments of the local savings banks and the practical arrangements for their disaffiliation.

1.1.3. The Crédit Mutuel Arkéa Group's target scheme

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

Arkéa will be governed in particular by Act No. 47-1775 of September 10th 1947 on the status of cooperation (the "**1947 Law**") and Article L. 512-1 of the French Monetary and Financial Code (*Code monétaire et financier*).

The local savings banks will become the local cooperatives companies (*Sociétés coopératives locales*) (the "**SCLs**"), retaining their status as cooperative companies with variable capital, and will continue to form the union of Arkéa cooperatives between them, in accordance with the 1947 Law. The purpose of the new SCLs will be refocused on their primary mission: to develop membership and facilitate access to banking, financial and insurance services. They will thus be in charge of supporting and promoting membership as part of their territorial influence.

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

Each SCL may also advise its related Arkéa's local branch in order to provide banking, financial and insurance services adapted to its members.

In accordance with the 1947 Law, each member will continue to participate in the social life of the SCL according to the principle of "one person, one vote" and stand for election to the board of directors (*conseil d'administration*) of its SCL. The SCLs 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 SCL acting in their capacity as shareholder.

In addition, an affiliation agreement between all SCLs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual assistance and support mechanisms to promote the achievement of the SCLs' primary mission, namely to promote access to banking, financial and insurance services for all.

Regional federations will ensure the proper functioning and governance of the SCLs.

A scheme for the issuance of shares is being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favors a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities in advance.

1.2 Risks relating to the complexity of the context and risks related to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel

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. They are related to events that may or may not occur. Their probability of occurrence and their magnitude 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 implement. Investors' attention is drawn to the complexity of the situation related to the proposed disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel and the uncertainties and risks associated with it. This complexity concerns in particular, but not exclusively, the accounting and prudential consolidation mechanisms that will have to be implemented in order to determine the scope of the Crédit Mutuel Arkéa Group's supervision by the supervisory authorities, once it has been removed from 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.

Before any investment decision is made, potential investors must conduct a thorough analysis of the disaffiliation project, the Crédit Mutuel Arkéa Group's target organizational structure as described above and the uncertainties and risks associated with it, as described below. In particular, investors should carefully examine all the information included in this Base Prospectus and in particular, when making their investment decision, the risk factors related to the change in the organization of the main players in the corporate shares and the risks related to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel listed in this Base Prospectus.

The implementation of the disaffiliation of the Crédit Mutuel Arkéa Group will not change its nature as a cooperative and territorial group. However, its disaffiliation from the Crédit Mutuel has consequences that may be difficult for the investor to understand but which must be understood and analyzed before any investment decision is taken. Due to its unprecedented nature, Crédit Mutuel Arkéa cannot guarantee that the project will be completed, that it will not be subject to major changes compared to what was initially planned or that new difficulties will not emerge during its implementation.

1.2.1 Risks related to local savings banks

- **Uncertainties as to the shares issued by the local savings banks before the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.**

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

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

Similarly, the contractual terms of the A, B and C shares do not include any case of early repayment relating to the loss of the approval of the local savings banks that have become SCL.

The risk is therefore low, in the planned target scheme, that the shares issued by the local savings 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 after the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.

The disaffiliation of local savings banks from the Crédit Mutuel as a whole will result in the loss of the benefit of the collective banking license granted under the conditions of Article R.511-3 of the French Monetary and Financial Code (*Code monétaire et financier*), which will have an impact on their ability to issue B shares to the public in the future.

These B shares are currently an essential source of financing for Crédit Mutuel Arkéa. A scheme for the issuance of shares is being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favors a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities in advance.

It is therefore possible that the Crédit Mutuel Arkéa Group may not obtain the approval of the authorities, which could prevent the disaffiliation project from being carried out according to the planned target scheme.

- Risks related to the future of the local savings banks that voted against the disaffiliation project

Under the DCG, the operational implementation of the disaffiliation of the Crédit Mutuel Arkéa Group remains subject to the approval and vote of the board of directors (*conseil d'administration*) of the local savings banks, the disaffiliation of Crédit Mutuel Arkéa (the inter-federal fund of the Crédit Mutuel Arkéa Group) not automatically leading to the disaffiliation of the local savings banks that are its shareholders.

Local savings banks that will vote against the disaffiliation of Crédit Mutuel as a whole, or do not wish to participate in the vote, may not be part of this new organization.

Even if 94.5% of the local savings banks that voted in 2018 did so in favor of independence, these results do not in any way prejudice the results of the future vote of the local savings banks on the operational implementation of this disaffiliation with regard to Crédit Mutuel as a whole.

Each local savings bank will be asked to give its opinion on the implementation phase of the Crédit Mutuel Arkéa Group's disaffiliation to approve the disaffiliation project, the terms and conditions of

disaffiliation and the filing of an application for disaffiliation by the federation concerned, in accordance with the DCG.

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

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

➤ Risks related to the final vote of the members

The local savings banks that vote for the disaffiliation from the Crédit Mutuel must convene their extraordinary general meeting in order to adopt the disaffiliation project in accordance with the DCG and 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 authorization granted by the CNCM to convene the extraordinary general meeting of the concerned local savings banks, shall deal with the express approval of the disaffiliation project, the terms of disaffiliation contained in the notification file previously approved by the board of directors (*conseil d'administration*) of these local savings banks and its consequences, in particular financial consequences, for these local savings banks and their members, in accordance with Appendix 2 of the DCG.

In accordance with Appendix 2 of the DCG, a presentation document summarizing the main points of the notification file as well as the amendments to the articles of association will be notified to the members at least fifteen (15) days before each extraordinary general meeting is held. Members will thus be able to express their opinion on the basis of clear, precise and exhaustive information on the disaffiliation project and its consequences for their local savings bank, its members, customers, creditors, employees and the entire Crédit Mutuel, in accordance with the DCG.

The extraordinary general meeting of each local savings bank concerned shall decide in favor 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 address a new request for disaffiliation of the local savings bank 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 independence project in no way prejudice the results of the future vote of the local savings banks on the operational implementation of this disaffiliation with regard to Crédit Mutuel as a whole.

It is possible that the extraordinary general meetings of some local savings banks will not adopt the disaffiliation project and will 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 (company shares, reserves, loans, deposits) of the local savings banks that choose to vote against the disaffiliation project and the amendment of their articles of association. Based on the April 2018 orientation vote, the impact of this exit on the Crédit Mutuel Arkéa Group would be minimal.

➤ Risks related to the convergence process of the member local savings banks of the CMMC Federation towards Crédit Mutuel Alliance Fédérale

The CMMC Federation has initiated the implementation of the convergence process towards Caisse Fédérale de Crédit Mutuel (CMAF group - Crédit Mutuel Alliance Fédérale - formerly CM11 group). Between September and October 2018, the extraordinary general meetings of the local savings banks of the CMMC Federation met to decide on the convergence process. The statutory amendments necessary to continue the process have been approved by the thirty local savings banks affiliated to the CMMC Federation and should take effect for these no later than January 1st 2020.

On September 5th 2019, Crédit Mutuel Arkéa signed a memorandum of understanding with Caisse Fédérale de Crédit Mutuel and the CMMC Federation to define the terms of the separation of the CMMC, which will take place on January 1st 2020.

It should be noted that, to date, the banking activity of each of CMMC's thirty local savings banks is carried out through Crédit Mutuel Arkéa's collective license as a credit institution (*établissement de crédit*).

Based on financial data at the end of 2018, the impact of the exit of the thirty local savings banks of the CMMC on the solvency of the Crédit Mutuel Arkéa Group is limited, estimated at the end of 2018 to a decrease of between 20 bp and 30 bp in the CET1 ratio, and would be positive *a priori* on the Crédit Mutuel Arkéa Group's income.

In any event, the precise consequences remain subject to the outcome of discussions between Crédit Mutuel Arkéa, Caisse Fédérale de Crédit Mutuel and the CMMC Federation.

1.2.2 Risks related to the Crédit Mutuel Arkéa Group

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

➤ Risks related to the approval of the supervisory authorities

In accordance with the provisions of the French Monetary and Financial Code (*Code monétaire et financier*), and at the same time as Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel, the CNCM, as the central body, must notify the ACPR of Crédit Mutuel Arkéa's disaffiliation.

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

At this stage, extensive and documented work is underway with these authorities to obtain their agreement. No assurance can be given as to whether or not their agreement will be obtained or as to the time and manner in which their agreement will be obtained. The change of Crédit Mutuel Arkéa's corporate name will require the prior approval of these authorities.

It is therefore possible that the Crédit Mutuel Arkéa Group may not obtain the agreement of the ACPR and the ECB, which could prevent the disaffiliation project from proceeding according to the planned target scheme.

➤ Risks related to prudential calculations

In addition, the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel could lead to an evolution of the internal weighted risk calculation model leading to an increase in capital requirements, or even a transition to a standard model.

At December 31st 2018, credit risk was determined for €95.5 billion of net risk exposures, including:

- €64.8 billion of risk exposures are assessed using an internal rating approach,
- and €30.7 billion of risk exposures are already assessed using a standard approach.

Consequently, the disaffiliation from Crédit Mutuel as a whole could lead to a review of the method of assessing weighted risks for the €64.8 billion of risk exposures currently assessed using an internal rating approach, without compromising the financial strength of the Crédit Mutuel Arkéa Group.

➤ Risks related to the operational procedures for disaffiliation set by the DCG

The DCG provides that the notification file must mention "the commitments proposed to compensate all past and future costs incurred by Crédit Mutuel entities as a result of the disaffiliation project". In addition, the application file for disaffiliation to be sent to the CNCM by the federations after the vote of the members of the concerned local savings banks which are affiliated to them must include the draft memorandum of understanding setting out the commitments of these local savings banks and the operational arrangements for disaffiliation.

In this context, the local savings banks will make a financial proposal to the board of directors (*conseil d'administration*) of the CNCM on the basis of objective and legally sound elements.

Finally, the DCG provides that the board of directors (*conseil d'administration*) of the CNCM must determine the final terms of the disaffiliation, "taking into account, in particular, on the effective date of the disaffiliation, 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 fund and the practical arrangements for disaffiliation". DCG does not specify either the method of calculating this indemnity or its amount, which may ultimately be material, which Crédit Mutuel Arkéa could then dispute.

In addition, 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 hold the vote of the members and the approval vote of each extraordinary general meeting, or after the latter vote, the board of directors (*conseil d'administration*) of the CNCM may request any useful additional information from the local

savings banks and federations concerned in order to "assess at an early date whether the essential conditions for disaffiliation are still met and the consequences of such a change for the Crédit Mutuel in the event of disaffiliation" and "decide whether to grant the disaffiliation request".

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

➤ Risks related to the business issues of disaffiliation

The disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel has a number of consequences, in particular the business issues related to the adoption by Crédit Mutuel Arkéa of a name and trademarks that do not include the use of the terms "Crédit Mutuel".

In addition, the assumption that a significant number of local savings banks will be opened in the scope of the Brittany and South-West federations could increase competition with the Crédit Mutuel Arkéa Group in these two territories.

In any case, the competition prevailing 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 business and industrial dynamic.

It is therefore possible that Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel may have commercial impacts on the Crédit Mutuel Arkéa Group. However, work in progress indicates that the consequences of the occurrence of this risk are small.

➤ Risks related to Crédit Mutuel Arkéa's governance

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

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

The regulatory measures mentioned in the powers of the board of directors (*conseil d'administration*) refer to the creation of a new Article 33 of the Articles, entitled "Withdrawal of confidence or approval as a regulatory measure", which makes it possible to exclude the leaders of regional groups out of any sanction procedure.

It is possible that these provisions of the Articles of Association may be implemented by the CNCM, as the potential negative impact on the Crédit Mutuel Arkéa Group may 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, there is a risk of legal dispute over the disaffiliation of the Crédit Mutuel Arkéa Group, particularly in connection with the application of the DCG.

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

The litigation or legal proceedings that may potentially be instituted 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 inter-federal solidarity mechanism in the event of the implementation of the Crédit Mutuel Arkéa Group's independence from Crédit Mutuel as a whole.

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

Thus, an affiliation agreement between all SCLs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual assistance and support mechanisms to promote the achievement of the primary mission of SCLs, namely to promote access to banking, financial and insurance services for all.

Crédit Mutuel Arkéa's exit from the inter-federal solidarity mechanism could lead to the downgrading of some Crédit Mutuel Arkéa Group financial ratings. However, it should be noted that the Fitch Ratings agency already assigns a rating to the Crédit Mutuel Arkéa Group independently from Crédit Mutuel as a whole, without taking into account this inter-federal solidarity mechanism.

At this stage, there is no certainty as to how this situation may evolve and/or when it may result, or what impact it may have on B shares.

DOCUMENTS INCORPORATED BY REFERENCE

On page 100 of the Base Prospectus, the section "Documents Incorporated by Reference" shall be deleted and replaced by the following:

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 English language version of the unaudited financial statements of the Issuer as at, and for the six-month period ended, 30 June 2019 together with the related notes (the "**2019 Interim Unaudited Financial Statements**") and the auditors' review report thereon (the "**2019 Interim Auditors' Review Report**" and together with the 2019 Interim Unaudited Financial Statements (the "**2019 Interim Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2018, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2018* which contains 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 Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2017, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2017* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2016 (the "**2017 Financial Statements**"), and the auditors' report thereon (the "**2017 Auditors' Report**" and together with the 2017 Financial Statements, the "**2017 Financial Information**");
- 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**"), (ii) Base Prospectus dated 9 May 2011 (the "**2011 Covered Bonds Conditions**"), (iii) Base Prospectus dated 14 June 2013 and its second supplement dated 2 September 2013 (the "**2013 Covered Bonds Conditions**"), (iv) Base Prospectus dated 29 May 2015 (the "**2015 Covered Bonds Conditions**"), (v) Base Prospectus dated 29 June 2016 (the "**2016 Covered Bonds Conditions**"), (vi) Base Prospectus dated 27 June 2017 (the "**2017 Covered Bonds Conditions**") and (vii) Base Prospectus dated 13 September 2018 (the "**2018 Covered Bonds Conditions**"). The parts of these documents that are not incorporated by reference in this Base Prospectus are not relevant for the investors.

The Issuer assumes responsibility for the correct translation of the 2017 Financial Information, the 2018 Financial Information and the 2019 Interim Financial Information.

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 so long as any of the Covered Bonds 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 and is not required by the relevant schedules of the Commission Regulation no. 809/2004 of 29 April 2004, as amended.

Cross-reference list

INFORMATION INCORPORATED BY REFERENCE (Annex XI item 11 of the European Regulation 809/2004/EC)	REFERENCE
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
<u>11.1 and 11.5 Historical financial information</u>	
<i>2017 Financial Information</i>	
- Balance sheet	Page 6 of the 2017 Financial Statements
- Income statements	Page 7 of the 2017 Financial Statements
- Notes	Pages 8 to 15 of the 2017 Financial Statements
- Cash Flow Statements	Page 14 of the 2017 Financial Statements
- Auditor's report relating to the above	Pages 2 to 5 of the 2017 Auditors' Report
<i>2018 Financial Information</i>	
- Balance sheet	Page 7 of the 2018 Statements Information
- Income statements	Page 8 of the 2018 Financial Statements
- Notes	Pages 9 to 16 of the 2018 Financial Statements
- Cash Flow Statements	Page 15 of the 2018 Financial Statements
- Auditor's report relating to the above	Pages 2 to 6 of the 2018 Auditors' Report
<i>2019 Interim Financial Information</i>	
Balance Sheet	Page 4 of the 2019 Interim Unaudited Financial Statements
Income Statements	Page 5 of the 2019 Interim Unaudited Financial Statements
Cash Flow Statements	Page 12 of the 2019 Interim Unaudited Financial Statements
Notes	Pages 6 to 13 of the 2019 Interim Unaudited Financial Statements
Auditors' review report on the 2019 Interim Unaudited Financial Statements	Page 2 of the 2019 Interim Unaudited Financial

INFORMATION INCORPORATED BY REFERENCE (Annex XI item 11 of the European Regulation 809/2004/EC)	REFERENCE
	Statements

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.

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	Pages 98 to 137 of the Base Prospectus dated 13

Covered Bonds	September 2018
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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 and 2018 Covered Bonds Conditions are not relevant for investors.

GENERAL INFORMATION

On page 224, paragraph (4) of section "GENERAL INFORMATION" shall be deleted and replaced as follows:

"(4) There has been no significant change in the financial or trading position of the Issuer since 30 June 2019."

On page 225, paragraph (13) (b) of section "GENERAL INFORMATION" shall be deleted and replaced as follows:

"(b) the 2017 Financial Information, the 2018 Financial Information and the 2019 Interim Financial Information; "
