

**PROSPECTUS SUPPLEMENT N° 2 DATED 20 APRIL 2017
TO THE BASE PROSPECTUS DATED 29 JUNE 2016**



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 second supplement (the "**Supplement no. 2**") is supplemental to, and must be read in conjunction with, the base prospectus dated 29 June 2016, as supplemented by a first supplement dated 21 September 2016 (together, 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 Supplement.

On 29 June 2016, the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") approved the Base Prospectus as a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC of 4 November 2003, as amended (the "**Prospectus Directive**") in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended, which implements the Prospectus Directive in Luxembourg (the "**Luxembourg Law**").

Application has been made to the CSSF for approval of this Supplement n°2 as a supplement to the Base Prospectus for the purposes of article 16 of the Prospectus Directive and article 13 of Luxembourg Law.

This Supplement has been produced for the purposes of:

- deleting in its entirety and replacing the Element B.12 of the section headed "SUMMARY OF THE PROGRAMME" on pages 10 and 11 of the Base Prospectus;

- deleting in its entirety and replacing the Element B.12 of the section headed "RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME)" on page 26 of the Base Prospectus;
- deleting in its entirety and replacing the section headed "DOCUMENTS INCORPORATED BY REFERENCE" on page 73 *et seq.* of the Base Prospectus; and
- amending the section headed "GENERAL INFORMATION" on page 190 *et seq.* of the Base Prospectus.

TABLE OF CONTENTS

SUMMARY OF THE PROGRAMME	4
RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME)	5
DOCUMENTS INCORPORATED BY REFERENCE	6
GENERAL INFORMATION	9

SUMMARY OF THE PROGRAMME

The section headed "SUMMARY OF THE PROGRAMME" appearing on pages 9 to 23 of the Base Prospectus is amended as follows:

On pages 10 and 11 of the Base Prospectus, the Element B.12 entitled "Selected historical key financial information" under section B. "Issuer" is deleted in its entirety and replaced with the following:

"Comparative Annual Financial Data (in thousands of EUR)

Income Statement	31 December 2015	31 December 2016
Net banking income	2,234	2,285
Gross operating income	1,141	642
Net income	691	208

Balance sheet	31 December 2015	31 December 2016
Total consolidated balance sheet	4,690,409	4,683,157
Shareholders' equity	42,701	42,349
Debt securities	4,607,089	4,607,288

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 2016 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2016."

RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME)

The section headed "RESUME DU PROGRAMME" appearing on pages 24 to 39 of the Base Prospectus is amended as follows:

On page 26 of the Base Prospectus, the Element B.12 entitled "*Sélection d'informations financières historiques clés*" under section B "*Émetteur*" is deleted in its entirety and replaced with the following:

"Données financières annuelles comparées (en milliers d'euros)

Compte de résultat	31 décembre 2015	31 décembre 2016
Produit net bancaire	2.234	2.285
Résultat brut d'exploitation	1.141	642
Résultat net	691	208

Bilan	31 décembre 2015	31 décembre 2016
Total du bilan consolidé	4.690.409	4,683,157
Fonds propres	42.701	42.349
Titres de créances	4.607.089	4.607.288

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 2016, et il n'est survenu aucun changement significatif dans la situation financière et commerciale de l'Émetteur depuis le 31 décembre 2016."

DOCUMENTS INCORPORATED BY REFERENCE

The section headed "DOCUMENTS INCORPORATED BY REFERENCE" of the Base Prospectus appearing on page 73 *et seq.* of the Base Prospectus is deleted in its entirety and replaced with 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 financial statements of the Issuer as at, and for the year ended, 31 December 2016, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2016* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2015, (the "**2016 Financial Statements**") and the auditors' report thereon (the "**2016 Auditors' Report**" and together with the 2016 Financial Statements, the "**2016 Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2015, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2015* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2016, (the "**2015 Financial Statements**") and the auditors' report thereon (the "**2015 Auditors' Report**" and together with the 2015 Financial Statements, the "**2015 Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2014 (the "**2014 Financial Statements**") and the auditors' report thereon (the "**2014 Auditors' Report**" and together with the 2014 Financial Statements, the "**2014 Financial Information**");
- the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2014* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2014 and 31 December 2013 together with the English language of the statutory auditor's report thereon (together the "**2014 Cash Flow Statements**"); and
- 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**") and (v) Base Prospectus dated 29 June 2016 (the "**2016 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 2015 Financial Information and 2016 Financial Information.

The documents incorporated by reference in this Base Prospectus may be obtained, without charge on request, 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	
11.1 Historical Financial Information	
<i>2016 Financial Information</i>	
Balance Sheet	Page 1 of the 2016 Financial Statements
Income Statements	Page 2 of the 2016 Financial Statements
Cash Flow Statements	Page 9 of the 2016 Financial Statements
Notes	Page 3 to 8 of the 2016 Financial Statements
Auditors' report on the 2016 Financial Statements	Page 1 to 2 of the 2016 Auditors' Report
<i>2015 Financial Information</i>	
Balance Sheet	Page 1 of the 2015 Financial Statements
Income Statements	Page 2 of the 2015 Financial Statements
Cash Flow Statements	Page 8 of the 2015 Financial Statements
Notes	Page 3 to 8 of the 2015 Financial Statements
Auditors' report on the 2015 Financial Statements	Page 1 to 2 of the 2015 Auditors' Report

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the European Regulation (EC) N° 809/2004 of the Commission dated 29 April 2004, as amended."

GENERAL INFORMATION

In the section entitled "GENERAL INFORMATION" of the Base Prospectus appearing on page 190 *et seq.* of the Base Prospectus, the paragraphs (3) and (4) are deleted in their entirety and replaced with the following:

"(3) There has been no significant change in the financial or trading position of the Issuer since 31 Décembre 2016."

"(4) There has been no material adverse change in the prospects of the Issuer since 31 December 2016."

In the section entitled "GENERAL INFORMATION" of the Base Prospectus appearing on page 190 *et seq.* of the Base Prospectus, the paragraph (12) is deleted in its entirety and replaced with the following:

"(12) So long as Covered Bonds (including German law Covered Bonds) are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s):

- (a) the *statuts* of the Issuer;
- (b) the audited non-consolidated financial statements of the Issuer, including the cash flow statements of the Issuer for the fiscal years ended 31 December 2016 and 31 December 2015, in respect of the financial year ended 31 December 2015;
- (c) the audited non-consolidated financial statements of the Issuer, including the cash flow statements of the Issuer for the fiscal years ended 31 December 2015 and 31 December 2014, in respect of the financial year ended 31 December 2014;
- (d) the Agency Agreement (which includes the form of the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Covered Bonds, the Coupons, the Talons, the Terms and Conditions of the German law Covered Bonds and the form of Assignment of the German law Covered Bonds);
- (e) Final Terms for Covered Bonds that are listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market in the EEA;
- (f) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
- (g) all reports, letters and other documents, historical financial information and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus."

Copies of the Base Prospectus, this Supplement no. 2 and the 2016 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 so long as Covered Bonds are capable of being issued under the Programme. 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 Supplement. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

Save as disclosed in this 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 Supplement or any statement incorporated by reference into the Base Prospectus by this 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 already agreed to purchase or subscribe for the securities before first publication of this Supplement have the right, exercisable within a time limit of two (2) working days after the publication of this Supplement (*i.e.* until 24 April 2017 included), to withdraw their acceptances.