

THIRD SUPPLEMENT DATED 27 SEPTEMBER 2019
TO THE BASE PROSPECTUS DATED 26 NOVEMBER 2018



Arkéa Public Sector SCF
(société de crédit foncier duly licensed as a French specialised credit institution)
€10,000,000,000 Euro Medium Term Note Programme
for the issue of obligations foncières and other privileged notes

This third supplement (the "**Third Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 26 November 2018, as supplemented by the first supplement to the base prospectus dated 3 May 2019 and the second supplement to the base prospectus dated 11 June 2019 (the "**Base Prospectus**") prepared in relation to the €10,000,000,000 Euro Medium Term Note Programme (the "**Programme**") for the issue, from time to time, subject to compliance with all relevant laws, regulations and directives, of French law *obligations foncières* (the "**French law Privileged Notes**") or German law registered notes (together, the "**Privileged Notes**") by Arkéa Public Sector SCF (the "**Issuer**").

On 26 November 2018, 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as a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC of 4 November 2003 as amended or superseded (the "**Prospectus Directive**") in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10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 Third Supplement as a supplement to the Base Prospectus for the purposes of article 13.1 of Luxembourg Law, as amended and article 64 of the *loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Third Supplement. This Third Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. The Issuer accepts responsibility for the information contained in this Third Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Third Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has prepared this Third Supplement to its Base Prospectus in accordance with the "grandfathering provision" provided for in Article 46.3 of the regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

This Third Supplement has been produced for the purposes of incorporating by reference the financial statements as at, and for the six-month period ended, 30 June 2019 (the "**2019 Half-Year Financial Statements**") and in order to update the risk factors relating to Crédit Mutuel Arkéa as borrower under the Programme (the "**Borrower**"). As a result, the following modifications have been made to the following sections of the Base Prospectus:

- "SUMMARY OF THE PROGRAMME" (pages 6 *et seq.* of the Base Prospectus);
- "RÉSUMÉ EN FRANCAIS DU PROGRAMME" (pages 26 *et seq.* of the Base Prospectus);
- "RISK FACTORS" (pages 47 *et seq.* of the Base Prospectus);
- "DOCUMENTS INCORPORATED BY REFERENCE" (pages 76 *et seq.* of the Base Prospectus); and
- "GENERAL INFORMATION"(pages 152 *et seq.* of the Base Prospectus).

To the extent that there is any inconsistency between (a) any statement in this Third Supplement and (b) any statement in or, incorporated by reference into, the Base Prospectus, the statement in (a) above shall prevail.

In accordance with Article 13.2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Third Supplement is published have the right, exercisable within a time-limit of two business days after the publication of this Third Supplement (no later than 1 October 2019) to withdraw their acceptances.

This Third Supplement will be published on the Luxembourg Stock Exchange's website "www.bourse.lu".

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SUMMARY

On pages 8 and 9 of the Base Prospectus, the 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	<i>Description of the Issuer's group and the Issuer's position within the group</i>	The Issuer is the société de crédit foncier of the Crédit Mutuel Arkéa group (the "Group" or "Crédit Mutuel Arkéa Group"). The Group is a cooperative banking and insurance company comprising the <i>Crédit Mutuel de Bretagne</i>, <i>Crédit Mutuel du Sud-Ouest</i> and <i>Crédit Mutuel Massif Central</i> ("CMMC") federations as well as specialized subsidiaries, which cover all of the business lines in the financial area. The Group's basic unit is the local savings bank (<i>Caisse locale de Crédit Mutuel</i>). Each local savings bank (<i>Caisse locale de Crédit Mutuel</i>) covers a limited geographic area, and its capital is held by customers in the form of shares. At the date hereof, the Issuer is an affiliate of Crédit Mutuel Arkéa which holds 99.9% of its share capital. Crédit Mutuel Arkéa is affiliated to the Confédération Nationale du Crédit Mutuel ("CNCM"), the central body of the Crédit Mutuel. At its meeting of 17 January 2018, the Board of Directors 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. The directors of the local savings banks and federations of <i>Crédit Mutuel de Bretagne</i>, <i>Crédit Mutuel du Sud-Ouest</i> and <i>Crédit Mutuel Massif Central</i> were invited to vote in the first half of 2018, as part of an orientation vote. The Board of Directors of the federation of <i>Crédit Mutuel Massif Central</i> opposed the principle of consulting the Boards of Directors within its scope. However, the consultation was initiated by 6 of the 30 local savings banks that are members of the federation of <i>Crédit Mutuel Massif Central</i>. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the meeting of the Boards of Directors 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 open a project to define the terms and conditions for its disaffiliation within the framework of general decision (DCG) n°1-2019. 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.
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	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 approved the main principles of the target organizational structure of the future independent group. Work to define the 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 CNCM and within the limits of the powers granted to it by law. On 18 February 2019, the CNCM's Board of Directors recognized the possibility of leaving the Crédit Mutuel by adopting DCG n°1-2019, 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 Boards of Directors 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 Boards of Directors 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 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 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. With regard to the convergence process of the CMMC Federation to the <i>Caisse Fédérale de Crédit Mutuel ("CFCM")</i>, the board of directors of the CNCM on 19 June 2018 has given its prior approval to CMMC's convergence project to the CFCM. 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 CFCM and federation of CMMC to define the terms of the separation of the CMMC, which will take place on 1st January 2020.
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		At the date of this Base Prospectus, the banking activity of each of CMMC's thirty local savings banks is exercised through the collective authorisation of Crédit Mutuel Arkéa as a credit institution.
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On pages 10 and 11 of the Base Prospectus, the Element B.12 entitled "**Selected historical key financial information**" under "section B - Issuer" shall be deleted and replaced by the following:

B.12	<i>Selected historical key financial information</i>	The following table shows the selected key financial information of the Issuer related to the income statements as at 30 June 2019 and 30 June 2018 and at 31 December 2018 and 31 December 2017. <table><tr><th>Selected key financial information of the Issuer related to the income statements (in thousands of euros)</th><th>30 June 2019</th><th>30 June 2018</th><th>31 December 2018</th><th>31 December 2017</th></tr><tr><td>Net banking income</td><td>657</td><td>558</td><td>1,217</td><td>1,131</td></tr><tr><td>Gross operating income</td><td>102</td><td>80</td><td>178</td><td>66</td></tr><tr><td>Net income</td><td>47</td><td>80</td><td>165</td><td>66</td></tr></table> The following table shows the selected key financial information of the Issuer related to the balance sheet at 30 June 2019 and 30 June 2018 and at 31 December 2018 and 31 December 2017. <table><tr><th>Selected key financial information of the Issuer related to the balance sheet (in thousands of euros)</th><th>30 June 2019</th><th>30 June 2018</th><th>31 December 2018</th><th>31 December 2017</th></tr><tr><td>Total of assets</td><td>1,455,261</td><td>1,365,214</td><td>1,380,873</td><td>1,169,402</td></tr><tr><td>Debt securities</td><td>1,353,362</td><td>1,312,998</td><td>1,328,819</td><td>1,117,073</td></tr><tr><td>Shareholder's equity</td><td>99,809</td><td>49,677</td><td>49,762</td><td>49,597</td></tr><tr><td>Total of liabilities</td><td>1,455,261</td><td>1,365,214</td><td>1,380,873</td><td>1,169,402</td></tr></table> The Issuer's statutory auditors have (i) audited the financial statements of the Issuer for years ended 31 December 2017 and 31 December 2018 and (ii) reviewed the half-year financial statements of the Issuer for the half-years ended 30 June 2018 and 30 June 2019.	Selected key financial information of the Issuer related to the income statements (in thousands of euros)	30 June 2019	30 June 2018	31 December 2018	31 December 2017	Net banking income	657	558	1,217	1,131	Gross operating income	102	80	178	66	Net income	47	80	165	66	Selected key financial information of the Issuer related to the balance sheet (in thousands of euros)	30 June 2019	30 June 2018	31 December 2018	31 December 2017	Total of assets	1,455,261	1,365,214	1,380,873	1,169,402	Debt securities	1,353,362	1,312,998	1,328,819	1,117,073	Shareholder's equity	99,809	49,677	49,762	49,597	Total of liabilities	1,455,261	1,365,214	1,380,873	1,169,402
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	<i>Material adverse change and significant changes</i>	Not Applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2019.																																													

		There has been no material adverse change in the prospects of the Issuer since 31 December 2018.
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On pages 18 to 23 of the Base Prospectus, the paragraph (xiv) of Element D.2 entitled "**Key information on the key risks that are specific to the Issuer**" under "section D - Issuer" shall be deleted and replaced by the following:

D.2	Key information on the key risks that are specific to the Issuer	(xiv) Risks factors linked to the Borrower include the following: - the Issuer bears the risk relating to the Borrower's ability to pay under the Facility Agreement; - the credit rating of the French law Privileged Notes may be affected by various factors; - the risks related to the disaffiliation of Crédit Mutuel Arkéa Group from Crédit Mutuel; A. <u>Change in the organization of the main players involved in the public stock ownership offering</u> a. <i>A cooperative banking group independent from the rest of Crédit Mutuel</i> At its meeting of 17 January 2018, the Board of Directors 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. The directors of the local savings banks and federations of <i>Crédit Mutuel de Bretagne</i>, <i>Crédit Mutuel du Sud-Ouest</i> and <i>Crédit Mutuel Massif Central</i> were invited to vote in the first half of 2018, as part of an orientation vote. The Board of Directors of the federation of CMMC opposed the principle of consulting the Boards of Directors within its scope. However, the consultation was initiated by 6 of the 30 local savings banks that are members of the federation of CMMC. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the meeting of the Boards of Directors 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 open a project to define the terms and conditions for its disaffiliation within the framework of general decision (the "DCG") n°1-2019. 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. b. <i>The operational implementation of disaffiliation</i> The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. On 29 June 2018, Crédit Mutuel
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		Arkéa's Board of Directors approved the main principles of the target organizational structure of the future independent group. Work to define the 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 Confédération Nationale du Crédit Mutuel (the "CNCM") and within the limits of the powers granted to it by law. On 18 February 2019, the CNCM's Board of Directors recognized the possibility of leaving the Crédit Mutuel by adopting DCG n°1-2019, 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 Boards of Directors 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 Boards of Directors 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 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 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>c. 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 10 September 1947 on the status of cooperation (the "1947 Law") and Article L. 512-1 of the <i>Code monétaire et financier</i>. The local savings banks will become <i>Sociétés cooperatives locales</i> (local cooperatives companies) (each a "SCL" and together 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 purpose: to develop membership and facilitate access to banking, financial and insurance services. They will thus be in
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		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 local Arkéa 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 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 playing their role 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 SCL's primary mission, namely to promote access to banking, financial and insurance services for all. Regional federations will ensure the proper functioning and governance of SCL. 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. B. <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 new 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.
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		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 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. <i>a. 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 26 June 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 the Crédit Mutuel local savings banks will result in the loss of the benefit of the collective banking licence granted under the conditions of Article R.511-3 of the <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
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		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 Boards of Directors 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 shareholders Local savings banks that 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 mutual in order to benefit from a new collective agreement. 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
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		the local savings banks concerned, shall concern the express approval of the disaffiliation project, the terms of disaffiliation contained in the notification file previously approved by the Boards of Directors 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-third majority of the members present or represented, in accordance with Article 2.4 of the DCG. In the event of disapproval by an extraordinary general meeting, the federation concerned may not transmit a new request for disaffiliation 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. > <i>Risks related to the convergence process of the member local savings banks of the federation of Crédit Mutuel Massif Central towards Crédit Mutuel Alliance Fédérale</i> Federation of CMMC has initiated the implementation of the convergence process towards Caisse Fédérale de Crédit Mutuel (Crédit Mutuel Alliance Fédérale - formerly CM11 group). Between September and October 2018, the extraordinary general meetings of the local savings banks of Federation of CMMC 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 Federation of CMMC and should take effect for these no later than 1st January 2020. On 5 September 2019, Crédit Mutuel Arkéa signed a protocol agreement with Caisse Fédérale de Crédit Mutuel and federation of
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		CMMC to define the terms of the separation of the CMMC, which will take place on 1st January 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 agreement as a credit institution. 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 on 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 discussions between Crédit Mutuel Arkéa, Caisse Fédérale de Crédit Mutuel and federation of CMMC. <i>b. 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 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 <i>Code monétaire et financier</i>, and at the same time as Crédit Mutuel Arkéa'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 31 December 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.
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		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 for disaffiliation to be sent to the CNCM by the federations after the vote of the members of the local savings banks concerned who 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 of the CNCM on the basis of objective and legally sound elements. Finally, the DCG provides that the Board of Directors 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 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.
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		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'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. > <u>Risks related to Crédit Mutuel Arkéa's governance</u> The CNCM thus amended its Articles of Association by an Extraordinary General Assembly on 16 May 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 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.
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		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. For more information on the solidarity mechanism, investors may refer to section 1.6 on solidarity relations in the 2018 Registration Document. 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.
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RESUME

On pages 28 and 29 of the Base Prospectus, the Element B.5 entitled "**Description du groupe de l'Emetteur et de la place qu'y occupe l'Emetteur**" under "section B - Issuer" shall be deleted and replaced by the following:

B.5	<i>Description du groupe de l'Emetteur et de la place qu'y occupe l'Emetteur</i>	L'Emetteur est la société de crédit foncier du groupe Crédit Mutuel Arkéa (le "Groupe" ou "Groupe Crédit Mutuel Arkéa"). Le Groupe est un entrepreneur de la banque et de l'assurance réunissant les fédérations de Crédit Mutuel de Bretagne, du Sud-Ouest et Massif Central ainsi que des filiales spécialisées qui couvrent tous les métiers de la sphère financière. L'unité de base du Groupe est la Caisse locale de Crédit Mutuel. Chaque Caisse locale de Crédit Mutuel couvre une zone géographique limitée et son capital est détenu par les clients sous forme de parts sociales. A la date des présentes, 99,9 % du capital social de l'Emetteur est détenu par Crédit Mutuel Arkéa. Crédit Mutuel Arkéa est affilié à la Confédération Nationale du Crédit Mutuel ("CNCM"), organe central du Crédit Mutuel. 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 Décision de Caractère Général (DCG) n°1-2019. Ce projet vise à préserver les caractéristiques fondamentales du modèle coopératif et de la raison d'être du Groupe Crédit Mutuel Arkéa. Il est
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	également porteur de développement et permettra au Groupe Crédit Mutuel Arkéa de continuer à servir ses sociétaires, clients et partenaires. Le Groupe Crédit Mutuel Arkéa a engagé la mise en œuvre 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 n°1-2019, 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 ; (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. S'agissant du processus de convergence des Caisses locales adhérentes de la fédération du CMMC vers la Caisse Fédérale de Crédit Mutuel ("CFCM"), 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 la CFCM. Les organes de gouvernance de la fédération et de la caisse
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	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 CFCM 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. A la date du présent Prospectus de Base, 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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On page 30 of the Base Prospectus, the Element B.12 entitled "**Informations financières historiques significatives**" under "section B - Issuer" shall be deleted and replaced by the following:

B.12

Informations financières historiques significatives

Le tableau ci-après indique les informations financières sélectionnées de l'Emetteur relatives au compte de résultat aux 30 juin 2019 et 30 juin 2018 et aux 31 décembre 2018 et 31 décembre 2017.

Informations financières sélectionnées de l'Emetteur relatives au compte de résultat (en milliers d'euros)	30 juin 2019	30 juin 2018	31 décembre 2018	31 décembre 2017
Produit net bancaire	657	558	1.217	1 131
Résultat brut d'exploitation	102	80	178	66
Résultat net	47	80	165	66

Le tableau ci-après indique les informations financières sélectionnées de l'Emetteur relatives au bilan aux 30 juin 2019 et 30 juin 2018 et aux 31 décembre 2018 et 31 décembre 2017.

Informations financières sélectionnées de l'Emetteur relatives au bilan (en milliers d'euros)	30 juin 2019	30 juin 2018	31 décembre 2018	31 décembre 2017
Total de l'actif	1 455 261	1 365 214	1 380 873	1 169 402
Dettes représentées par un titre	1 353 362	1 312 998	1 328 819	1 117 073

		<table><tr><td>Capitaux propres</td><td>99 809</td><td>49 677</td><td>49 762</td><td>49 597</td></tr><tr><td>Total du passif</td><td>1 455 261</td><td>1 365 214</td><td>1 380 873</td><td>1 169 402</td></tr></table>	Capitaux propres	99 809	49 677	49 762	49 597	Total du passif	1 455 261	1 365 214	1 380 873	1 169 402
Capitaux propres	99 809	49 677	49 762	49 597								
Total du passif	1 455 261	1 365 214	1 380 873	1 169 402								
		Les commissaires aux comptes de l'Emetteur ont (i) audité les états financiers de l'Emetteur aux 31 décembre 2017 et 31 décembre 2018 et (ii) revu les états financiers semestriels de l'Emetteur aux 30 juin 2018 et 30 juin 2019.										
	Détérioration significative et changements significatifs	Sans objet. Il ne s'est produit aucun changement significatif dans la situation financière ou commerciale de l'Emetteur depuis le 30 juin 2019. Il ne s'est produit aucun changement défavorable significatif dans les perspectives de l'Emetteur depuis le 31 décembre 2018.										

On pages 38 to 43 of the Base Prospectus, the paragraph (xiv) of Element D.2 entitled "**Informations clés sur les principaux risques propres à l'Emetteur**" under "section D - Issuer" shall be deleted and replaced by the following:

D.2	<i>Informations clés sur les principaux risques propres à l'Emetteur</i>	(xiv) Les facteurs de risques liés à l'Emprunteur incluent notamment : - l'Emetteur supporte un risque lié à la capacité de l'Emprunteur à payer conformément à la Convention de Crédit ; - la notation des Obligations Sécurisées de droit français peut être affectée par divers facteurs ; - les risques relatifs à la désaffiliation de Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel. A. Modification de l'organisation des principaux acteurs de l'offre au public des parts sociales <i>a. Un groupe bancaire coopératif indépendant du reste du Crédit Mutuel</i> 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
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		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 Décision de Caractère Général (DCG) n°1-2019. 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>b. La mise en œuvre opérationnelle de la désaffiliation</i> Le Groupe Crédit Mutuel Arkéa a engagé la mise en œuvre 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 n°1-2019, 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 : (v). 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 ; (vi). chaque Fédération devra ensuite notifier à la CNCM le projet de désaffiliation de chaque Caisse Locale ; (vii). 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 ; (viii). 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.
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		<i>c. 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 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. 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 œuvre 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.
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		B. Risques relatifs à la complexité du contexte et risques liés à la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel Crédit Mutuel Arkéa considère que les facteurs décrits ci-dessous pourraient affecter la mise en œuvre 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 œuvre 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 œuvre, que des conditions soient réunies tenant notamment aux différentes étapes décrites au paragraphe sur la mise en œuvre 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 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. La mise en œuvre 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 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 œuvre. <i>a. Risques liés aux Caisses Locales</i> ➤ Incertitudes quant aux parts sociales émises par les Caisses Locales avant la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel L'analyse réalisée par Crédit Mutuel Arkéa de la mise en œuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit
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		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. ➤ 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 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. ➤ Risques liés au sort des Caisses Locales ayant voté contre le projet de désaffiliation Dans le cadre de la DCG, la réalisation de la mise en œuvre 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.
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		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 œuvre 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 œuvre 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 <i>in fine</i> 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. ➤ Risques liés au vote définitif des sociétaires 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. 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.
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		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. ➤ Risques liés au processus de convergence des Caisses Locales adhérentes de la Fédération du CMMC vers le Crédit Mutuel Alliance Fédérale 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. 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 <i>a priori</i> sur le résultat du Groupe Crédit Mutuel Arkéa.
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		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>b. 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. ➤ Risques liés à l'accord des autorités de contrôle Conformément aux dispositions du Code monétaire et financier, concomitamment à la désaffiliation de 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 de 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. ➤ Risques liés aux calculs prudentiels 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 € d'expositions au risque actuellement évaluées selon une approche
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		notation interne, sans remettre en cause la solidité financière du Groupe Crédit Mutuel Arkéa. ➤ Risques liés aux modalités pratiques de la désaffiliation fixées par la DCG 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, « <i>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</i> ». La DCG ne précise ni les modalités de calcul de cette indemnité, ni son montant, celui-ci pouvant <i>in fine</i> 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'« <i>apprécie[r] 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</i> » et « <i>décide[r] s'il y a lieu de donner suite à la demande de désaffiliation</i> ». 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. ➤ Risques liés aux enjeux commerciaux de la désaffiliation 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
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		du Sud-Ouest pourrait accroître la concurrence avec le Groupe Crédit Mutuel Arkéa sur ces deux territoires. 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 de 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. ➤ Risques liés à la gouvernance de Crédit Mutuel Arkéa 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 œuvre par la CNCM, l'impact négatif potentiel sur le Groupe Crédit Mutuel Arkéa pouvant être évalué comme significatif. ➤ Risques liés aux contentieux éventuels Suite à la mise en œuvre 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 œuvre 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.
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		➤ Risques liés à la perte de la solidarité interfédérale 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 œuvre de l'indépendance du Groupe Crédit Mutuel Arkéa vis-à-vis de l'ensemble Crédit Mutuel. 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 œuvre 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. Pour plus d'information sur le mécanisme de solidarité, les investisseurs peuvent se reporter à la section 1.6 relative aux relations de solidarité du Document de référence 2018. 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 pages 53 to 58 of the Base Prospectus, section "**RISK FACTORS**", the risk factor relating to the Borrower shall be deleted and replaced by the following:

2. Risks related to the Borrower

Borrower's ability to pay under the 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 any advance made available pursuant to the Facility Agreement, 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 any advance made available pursuant to the Facility Agreement.

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 Privileged Notes 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 Privileged Notes. 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 Privileged Notes. Furthermore, failure to meet any overcollateralisation requirement required by the Rating Agencies may result not only in the occurrence of an Event of Default but also in a downgrade of the rating assigned to the Privileged Notes. If the credit rating of the Privileged Notes were reduced due to these factors, such downgrade may adversely affect the value of the outstanding Privileged Notes and/or the ability of the Noteholders to sell the Privileged Notes, increase the Issuer's cost of borrowing and adversely affect the Issuer's ability to issue new Privileged Notes.

Relationship between the Borrower and the *Confédération Nationale du Crédit Mutuel*

1.1. Risks relating to the disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel

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

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

At its meeting of 17 January 2018, the Board of Directors 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.

The directors of the local savings banks and federations of *Crédit Mutuel de Bretagne*, *Crédit Mutuel du Sud-Ouest* and *Crédit Mutuel Massif Central* were invited to vote in the first half of

2018, as part of an orientation vote. The Board of Directors of the federation of CMMC opposed the principle of consulting the Boards of Directors within its scope. However, the consultation was initiated by 6 of the 30 local savings banks that are members of the federation of CMMC. At the end of the consultation process initiated by the local savings banks of the Crédit Mutuel Arkéa Group and the meeting of the Boards of Directors 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 open a project to define the terms and conditions for its disaffiliation within the framework of general decision (the "**DCG**") n°1-2019.

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.

b. The operational implementation of disaffiliation

The Crédit Mutuel Arkéa Group has begun the operational implementation of its disaffiliation. On 29 June 2018, Crédit Mutuel Arkéa's Board of Directors approved the main principles of the target organizational structure of the future independent group. Work to define the 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 Confédération Nationale du Crédit Mutuel (the "**CNCM**") and within the limits of the powers granted to it by law.

On 18 February 2019, the CNCM's Board of Directors recognized the possibility of leaving the Crédit Mutuel by adopting DCG n°1-2019, 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:

The Boards of Directors 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 Boards of Directors 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;

- (i) each federation must then notify the CNCM of the disaffiliation project of each local savings bank;
- (ii) once authorized by the Board of Directors 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;
- (iii) in the event of approval of the disaffiliation project by the members, the Board of Directors 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.

c. 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 10 September 1947 on the status of cooperation (the "**1947 Law**") and Article L. 512-1 of the *Code monétaire et financier*.

The local savings banks will become *Sociétés coopératives locales* (local cooperatives companies) (each a "**SCL**" and together 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 purpose: 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 local Arkéa 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 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 playing their role 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 SCL's primary mission, namely to promote access to banking, financial and insurance services for all.

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

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.

B. 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 new 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 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.

a. 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 26 June 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 the Crédit Mutuel local savings banks will result in the loss of the benefit of the collective banking licence granted under the conditions of Article R.511-3 of the *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 Boards of Directors 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 shareholders

Local savings banks that 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 mutual in order to benefit from a new collective agreement. 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 local savings banks concerned, shall concern the express approval of the disaffiliation project, the terms of disaffiliation contained in the notification file previously approved by the Boards of Directors 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-third majority of the members present or represented, in accordance with Article 2.4 of the DCG.

In the event of disapproval by an extraordinary general meeting, the federation concerned may not transmit a new request for disaffiliation 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 federation of Crédit Mutuel Massif Central towards Crédit Mutuel Alliance Fédérale*

Federation of CMMC has initiated the implementation of the convergence process towards Caisse Fédérale de Crédit Mutuel (Crédit Mutuel Alliance Fédérale - formerly CM11 group). Between September and October 2018, the extraordinary general meetings of the local savings banks of Federation of CMMC 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 Federation of CMMC and should take effect for these no later than 1st January 2020.

On 5 September 2019, Crédit Mutuel Arkéa signed a protocol agreement with Caisse Fédérale de Crédit Mutuel and federation of CMMC to define the terms of the separation of the CMMC, which will take place on 1st January 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 agreement as a credit institution.

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 on 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 federation of CMMC.

b. 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 *Code monétaire et financier*, and at the same time as Crédit Mutuel Arkéa'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 31 December 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 local savings banks concerned who 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 of the CNCM on the basis of objective and legally sound elements.

Finally, the DCG provides that the Board of Directors 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 organize the vote of the members and the approval vote of each extraordinary general meeting, or after the latter vote, the Board of Directors 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'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 Assembly on 16 May 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 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.

For more information on the solidarity mechanism, investors may refer to section 1.6 on solidarity relations in the 2018 Registration Document.

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 pages 76 and 77 of the Base Prospectus, section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be deleted and replaced by the followings:

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously or simultaneously filed with the *Commission de surveillance du secteur financier* (the "**CSSF**") and which are incorporated by reference in, and shall be deemed to form part of, this Base Prospectus:

- the free English translation of the 2016 financial statements of the Issuer for the year ended 31 December 2016 (the "**2016 Financial Statements**") comprised of the statutory auditors' report thereon and the audited financial statements of the Issuer with respect thereto;
- the free English translation of the 2017 financial statements of the Issuer for the year ended 31 December 2017 (the "**2017 Financial Statements**") comprised of the statutory auditors' report thereon and the audited financial statements of the Issuer with respect thereto;
- the free English translation of the 2018 half-year financial statements of the Issuer for the half year ended 30 June 2018 (the "**2018 Half-Year Financial Statements**") comprised of the statutory auditors' limited review report and the financial statements of the Issuer with respect thereto;
- the free English translation of the 2018 half-year financial statements of the Issuer for the half year ended 31 December 2018 (the "**2018 Financial Statements**") comprised of the statutory auditors' limited review report and the financial statements of the Issuer with respect thereto;
- the press release published on Crédit Mutuel Arkea's website dated 25 February 2019 announcing the termination of S&P Global Ratings' ratings of the Arkea Home Loans SHF and Arkea Sector Public SCF refinancing vehicles, to be effective on 1st June 2019; and
- the free English translation of the 2019 half-year financial statements of the Issuer for the half year ended 30 June 2019 (the "**2019 Half-Year Financial Statements**") comprised of the statutory auditors' limited review report and the financial statements of the Issuer with respect thereto;

and, for the purposes only of further issues of French law Privileged Notes to be assimilated (*assimilées* for the purpose of French law) and form a single Series with French law Privileged Notes already issued under the relevant EMTN Previous Terms and Conditions (as defined below):

- the section "**Terms and Conditions of the French law Privileged Notes**" contained on pages 24 to 49 of the base prospectus of the Issuer dated 31 August 2011 (which was approved by the CSSF in Luxembourg) (the "**2011 Conditions**");
- the section "**Terms and Conditions of the French law Privileged Notes**" contained on pages 53 to 75 of the base prospectus of the Issuer dated 28 August 2015 (which was approved by the CSSF in Luxembourg) (the "**2015 Conditions**"); and
- the section "**Terms and Conditions of the French law Privileged Notes**" contained on pages 54 to 76 of the base prospectus of the Issuer dated 26 October 2017 (which was approved by the CSSF in Luxembourg) (the "**2017 Conditions**" and together with the 2011 Conditions and the 2015 Conditions, the "**EMTN Previous Terms and Conditions**").

To the extent that only the EMTN Previous Terms and Conditions are specified to be incorporated by reference therein, the non-incorporated parts of the previous base prospectuses are either not relevant for investors or are covered elsewhere in the Base Prospectus.

The Issuer declares that the free English translations of the 2017 Financial Statements, 2018 Financial Statements and 2019 Half-Year Financial Statements are, to the best of its knowledge, fair and true translations of the French language original versions.

All documents incorporated by reference in this Base Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). So long as any of the Privileged Notes are outstanding, such documents will also be available for inspection and obtainable, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France) and at the specified office(s) of the Paying Agent(s).

Except for the EMTN Previous Terms and Conditions, the information incorporated by reference in this Base Prospectus shall be read in connection with the cross-reference list below.

Cross-reference list

INFORMATION INCORPORATED BY REFERENCE (Annex IV of the European Regulation 809/2004/EC, as amended)	REFERENCE
6. BUSINESS OVERVIEW	
6.1. Principal activities	The press release published on Crédit Mutuel Arkea's website dated 25 February 2019 announcing the termination of S&P Global Ratings' ratings of the Arkea Home Loans SHF and Arkea Sector Public SCF refinancing vehicles, to be effective on 1 st June 2019.
13 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
13.1 Historical financial information	
	2017 Financial Statements
Balance sheet	Page 8
Profit and loss account	Page 9
Notes	Pages 10 to 16
Table of cash flow statements	Page 15
Statutory auditors' report relating to the above	Pages 1 to 7
	2018 Financial Statements
Balance sheet	Page 7
Profit and loss account	Page 8
Notes	Pages 9 to 15
Table of cash flow statements	Page 14
Statutory auditors' report relating to the above	Pages 3 to 6
	2019 Half-Year Financial Statements
Balance sheet	Page 4
Profit and loss account	Page 5
Notes	Pages 6 to 12

Table of cash flow statements	Page 11
Statutory auditors' report relating to the above	Pages 1 to 3

DESCRIPTION OF THE ISSUER

On page 111 of the Base Prospectus, the selected financial information of the Issuer statements set forth in section "**DESCRIPTION OF THE ISSUER**" shall be deleted and replaced by the followings:

Selected financial information of the Issuer

The following table shows the selected financial information of the Issuer related to the income statements as at 30 June 2019 and 30 June 2018 and at 31 December 2018 and 31 December 2017.

Selected financial information of the Issuer related to the income statements (in thousands of euros)	30 June 2019	30 June 2018	31 December 2018	31 December 2017
Net banking income	657	558	1,217	1,131
Gross operating income	102	80	178	66
Net income	47	80	165	66

The following table shows the selected financial information of the Issuer related to the balance sheet as at 30 June 2019 and 30 June 2018 and at 31 December 2018 and 31 December 2017.

Selected financial information of the Issuer related to the balance sheet (in thousands of euros)	30 June 2019	30 June 2018	31 December 2018	31 December 2017
Total of assets	1,455,261	1,365,214	1,380,873	1,169,402
Debt securities	1,353,362	1,312,998	1,328,819	1,117,073
Shareholder's equity	99,809	49,677	49,762	49,597
Total of liabilities	1,455,261	1,365,214	1,380,873	1,169,402

GENERAL INFORMATION

On page 152 of the Base Prospectus, paragraphs (5) and (6) of section "**GENERAL INFORMATION**" shall be deleted and replaced by the followings:

- (5) There has been no significant change in the financial or trading position of the Issuer since 30 June 2019.
- (6) There has been no material adverse change in the prospects of the Issuer since 31 December 2018.