



**Arkéa Home Loans SFH**  
(duly licensed French specialised credit institution)

**€10,000,000,000**  
**COVERED BOND PROGRAMME**  
**for the issue of *Obligations de Financement de l'Habitat***

Under the Covered Bond Programme described in this Base Prospectus (the "**Programme**"), Arkéa Home Loans SFH (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue covered bonds (*obligations de financement de l'habitat*) to be governed either by French law or German law (respectively, the "**French law Covered Bonds**" or the "**German law Covered Bonds**" and, together, the "**Covered Bonds**"). The Issuer is licensed as a *société de financement de l'habitat* by the *Autorité de contrôle prudentiel et de résolution*. All Covered Bonds will benefit from the statutory priority in right of payment over all the assets and revenues of the Issuer created by Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) (the "**Privilège**"), as more fully described herein.

The aggregate nominal amount of the Covered Bonds outstanding will not at any time exceed €10,000,000,000 (or its equivalent in other currencies at the date of issue).

The minimum denomination of each Covered Bond admitted to trading on a Regulated Market (as defined below) in any member state of the European Economic Area ("**EEA**") (a "**Member State**") in circumstances which require the publication of a prospectus under the Prospectus Directive (as defined below) will be € 1,000 (or its equivalent in any other currency at the issue date), or such higher amount as may be allowed or required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency (as defined in section "Terms and Conditions of the French law Covered Bonds – Interest and other Calculations"). No offer to the public will be made under this Base Prospectus.

Application has been made to the *Commission de surveillance du secteur financier* (the "**CSSF**") for approval of this Base Prospectus in relation to the French law Covered Bonds, in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements Directive 2003/71/EC dated 4 November 2003, as amended (the "**Prospectus Directive**") in Luxembourg. **The CSSF has neither reviewed nor approved any information in relation to the German law Covered Bonds.** In the line with the provisions of Article 7 (7) of the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 as amended, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer. Application will be made to the Luxembourg Stock Exchange for the Covered Bonds (except the German law Covered Bonds) issued under the Programme during a period of twelve (12) months after the date of this Base Prospectus to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/UE dated 15 May 2014 on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities Markets Authority (the "**ESMA**") (each such market being a "**Regulated Market**"). Covered Bonds (except the German law Covered Bonds) issued under the Programme may also be unlisted or listed and admitted to trading on any other market, including any other Regulated Market in any Member State of the EEA. The relevant final terms (the "**Final Terms**") (a form of which is contained herein) in respect of the issue of any French law Covered Bonds will specify whether or not such Covered Bonds will be listed and admitted to trading on any market and, if so, the relevant market. The German law Covered Bonds will not be admitted to trading nor listed on any stock exchange.

Covered Bonds will be issued on a continuous basis in series (each a "**Series**") having one or more issue dates and (except in respect of the first payment of interest) on terms otherwise identical, the Covered Bonds of each Series being intended to be interchangeable with all other Covered Bonds of that Series. Each Series may be issued in tranches (each a "**Tranche**") on different issue dates. The specific terms of each Series will be set forth in the Final Terms.

French law Covered Bonds may be issued either in dematerialised form ("**Dematerialised Covered Bonds**") or in materialised form ("**Materialised Covered Bonds**") as more fully described herein.

Dematerialised Covered Bonds will at all times be in book entry form in compliance with Articles L. 211-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*). No physical documents of title will be issued in respect of the Dematerialised Covered Bonds.

Dematerialised Covered Bonds may, at the option of the Issuer, be (i) in bearer form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders (as defined in section "Terms and Conditions of the French law Covered Bonds - Form, Denomination and Title") including Euroclear Bank SA/NV ("**Euroclear**") and the depository bank for Clearstream Banking, S.A. ("**Clearstream**"), or (ii) in registered form (*au nominatif*) and, in such a latter case, at the option of the relevant Bondholder (as defined in section "Terms and Conditions of the French law Covered Bonds - Form, Denomination and Title"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Bondholder.

Materialised Covered Bonds will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in relation to Materialised Covered Bonds. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Covered Bonds with, where applicable, coupons for interest or talons attached (the "**Definitive Materialised Covered Bonds**"), on or after a date expected to be on or about the fortieth (40<sup>th</sup>) day after the issue date of the Covered Bonds (subject to postponement as described in section "Temporary Global Certificate in respect of Materialised Covered Bonds") upon certification as to non-U.S. beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, be deposited on the issue date with a common depository for Euroclear and Clearstream, and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream or delivered outside a clearing system, be deposited as agreed between the Issuer and the Relevant Dealer(s) (as defined below). In the case of a Tranche which is not intended to be cleared through Euroclear and/or Clearstream, the Covered Bonds of such Tranche cannot be listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange.

Covered Bonds to be issued under the Programme are expected on issue to be rated AAA by S&P Global Ratings and Aaa by Moody's Investors Services Ltd (together, the "**Rating Agencies**"). The rating of the relevant Covered Bonds will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, the Rating Agencies are established in the European Union and registered under Regulation (EU) no. 1060/2009 as amended by Regulation (EU) no. 513/2011 (the "**CRA Regulation**"), as amended and included in the list of registered credit rating agencies published by the ESMA on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

German law Covered Bonds will be issued in materialised registered form only.

See section "**Risk Factors**" below for certain information relevant to an investment in the Covered Bonds to be issued under the Programme.

ARRANGER  
**CREDIT MUTUEL ARKÉA**

PERMANENT DEALER  
**CREDIT MUTUEL ARKÉA**

**This Base Prospectus (together with all supplements thereto from time to time), constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and contains or incorporates by reference all relevant information concerning the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as the base terms and conditions of the Covered Bonds (except the German law Covered Bonds) to be issued under the Programme. The terms and conditions applicable to each Tranche not contained or incorporated by reference herein (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.**

**This Base Prospectus is to be read and construed in conjunction with (i) any document and/or information which is incorporated herein by reference in accordance with Article 15 of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 implementing the Prospectus Directive in Luxembourg and Article 28 of the European Commission Regulation no. 809/2004 dated 29 April 2004, as amended (see section "Documents Incorporated by Reference" below), (ii) any supplement thereto that may be published from time to time and (iii) in relation to any Tranche of Covered Bonds, the relevant Final Terms.**

**This Base Prospectus (together with all supplements thereto from time to time) may only be used for the purposes for which it has been published.**

**The Arranger and the Dealer(s) have not separately verified the information contained or incorporated by reference in this Base Prospectus. Neither the Arranger nor any of the Dealer(s) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the Programme (including any information incorporated by reference) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealer(s) that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each prospective investor in Covered Bonds should determine for itself the relevance of the information contained or incorporated by reference in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or prospective investor in the Covered Bonds of any information that may come to the attention of the Dealer(s) or the Arranger. Any website included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus.**

**No person is or has been authorised to give any information or to make any representation other than those contained or incorporated by reference in this Base Prospectus in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Dealer(s) (as defined in section "General Description of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

The distribution of this Base Prospectus and the offering or sale of Covered Bonds in certain jurisdictions may be restricted by law. The Issuer, the Arranger and the Dealer(s) do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealer(s) which is intended to permit a public offering of any Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bond may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds.

This Base Prospectus has not been submitted to the clearance procedures of the French *Autorité des marchés financiers*.

The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("Regulation S") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Covered Bonds may include Materialised Covered Bonds in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Covered Bonds may not be offered or sold or, in the case of Materialised Covered Bonds in bearer form, delivered within the United States or, in the case of certain Materialised Covered Bonds in bearer form, to, or for the account or benefit of, United States persons as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Covered Bonds are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

For a description of these and certain further restrictions on offers, sales and transfers of Covered Bonds and on distribution of this Base Prospectus, see section "Subscription and Sale". In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States of America, Japan and the EEA (including France, Italy, the Netherlands and the United Kingdom).

MiFID II product governance / target market – The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the ESMA on 5 February 2018, and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU, as amended ("MiFID II") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**PRIIPs / IMPORTANT - EEA RETAIL INVESTORS -** If the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended, to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) no. 1286/2014 (the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealer(s) to subscribe for, or purchase, any Covered Bonds.

None of the Arranger, the Dealer(s) or the Issuer makes any representation to any prospective investor on the Covered Bonds regarding the legality of its investment under any applicable laws. Any prospective investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

Prospective purchasers of Covered Bonds should ensure that they understand the nature of the relevant Covered Bonds and the extent of their exposure to risks and that they consider the suitability of the relevant Covered Bonds as an investment in the light of their own circumstances and financial condition. Covered Bonds involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Covered Bonds. For more information, see section "Risk Factors".

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" and "EUR" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, references to "Sterling" are to the lawful currency of the United Kingdom, references to "U.S. Dollar" are to the lawful currency of the United States of America, references to "Yen" are to the lawful currency of Japan and references to "Swiss Francs" are to the lawful currency of Switzerland.

In this Base Prospectus, any references to "euro equivalent" means the euro equivalent amount of the relevant amount denominated in the Specified Currency (as defined in Section "Terms and Conditions of the French law Covered Bonds"), provided that, if any Borrower Advance is denominated in a Specified Currency and the Issuer and the Borrower have agreed in advance the foreign exchange rate that will be applicable, in the final terms for the related Borrower Advance, then the amount of Eligible Assets that will be required to be granted by the Collateral Providers in accordance with the relevant terms of the Collateral Security Agreement, as security for the repayment of such Borrower Advance and which shall secure the "euro equivalent" amount of such Borrower Advance, shall be calculated using the above mentioned pre-agreed foreign exchange rate.

## TABLE OF CONTENTS

<b>SUMMARY OF THE PROGRAMME .....</b>	<b>6</b>
<b>RESUME DU PROGRAMME (TRANSLATION OF THE SUMMARY OF THE PROGRAMME) .....</b>	<b>28</b>
<b>RISK FACTORS .....</b>	<b>53</b>
<b>GENERAL DESCRIPTION OF THE PROGRAMME .....</b>	<b>86</b>
<b>PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS</b>	<b>93</b>
<b>STRUCTURE DIAGRAM .....</b>	<b>94</b>
<b>DOCUMENTS INCORPORATED BY REFERENCE .....</b>	<b>95</b>
<b>TERMS AND CONDITIONS OF THE FRENCH LAW COVERED BONDS .....</b>	<b>98</b>
<b>USE OF PROCEEDS .....</b>	<b>138</b>
<b>TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED COVERED BONDS .....</b>	<b>139</b>
<b>THE ISSUER .....</b>	<b>141</b>
<b>SUMMARY OF THE SFH LEGAL FRAMEWORK .....</b>	<b>151</b>
<b>MATERIAL CONTRACTS .....</b>	<b>157</b>
<b>ASSET MONITORING .....</b>	<b>171</b>
<b>CASH FLOW .....</b>	<b>181</b>
<b>ORIGINATION OF THE HOME LOANS .....</b>	<b>187</b>
<b>FORM OF FINAL TERMS .....</b>	<b>190</b>
<b>[ANNEX - ISSUE SPECIFIC SUMMARY] .....</b>	<b>206</b>
<b>TAXATION .....</b>	<b>207</b>
<b>SUBSCRIPTION AND SALE .....</b>	<b>212</b>
<b>GENERAL INFORMATION .....</b>	<b>218</b>
<b>FORWARD LOOKING STATEMENTS .....</b>	<b>221</b>
<b>SUPPLEMENT TO THE BASE PROSPECTUS .....</b>	<b>222</b>
<b>INDEX OF DEFINED TERMS .....</b>	<b>223</b>

## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A —E (A.1 —E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'Not applicable'.

<i>Section A – Introduction and warnings</i>		
<b>A.1</b>	<b>General disclaimer regarding the summary</b>	<p>This summary should be read as an introduction to this Base Prospectus.</p> <p>Any decision to invest in the Covered Bonds should be based on a consideration of this Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to information contained in this Base Prospectus is brought before a court, the plaintiff investor, might, under the national legislation of the Member States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Covered Bonds.</p>
<b>A.2</b>	<b>Information regarding consent by the Issuer to the use of the Prospectus</b>	Not applicable. There is no consent given by the Issuer to use the Base Prospectus, as supplemented from time to time, and of the applicable final terms (the " <b>Final Terms</b> " and together with the Base Prospectus, the " <b>Prospectus</b> ").

<i>Section B – Issuer</i>		
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	Arkéa Home Loans SFH (the " <b>Issuer</b> ").
<b>B.2</b>	<b>Registered office/ Legal</b>	Arkéa Home Loans SFH, a limited liability company ( <i>société anonyme</i> ) incorporated under French law and a duly licensed in France as specialised credit institution ( <i>établissement de crédit spécialisé</i> ) with the status of <i>société de</i>

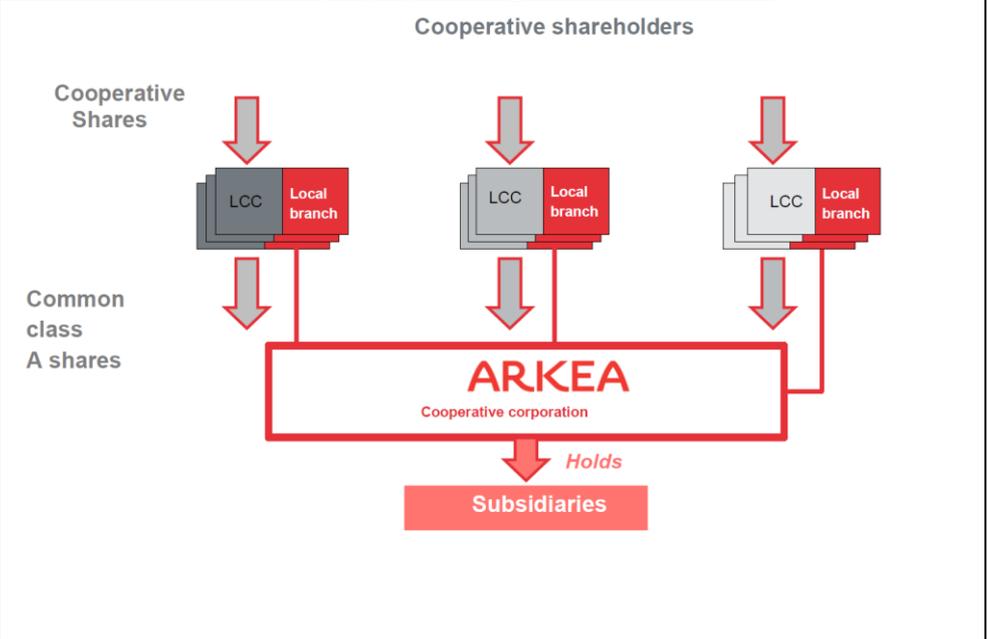
	<b>form/ Legislation/ Country of incorporation</b>	<p><i>financement de l'habitat</i> delivered by the <i>Autorité de contrôle prudentiel et de résolution</i> (the "<b>ACPR</b>").</p> <p>The Issuer is governed by the laws and regulations applicable to limited liability companies (<i>sociétés anonymes</i>), to specialized credit institutions (<i>établissements de crédit spécialisés</i>) and in particular to <i>sociétés de financement de l'habitat</i>.</p> <p>The Issuer's registered office is at 232, rue du Général Paulet - B.P. 103 - 29802 Brest Cedex 9 - France.</p>
<b>B.4b</b>	<b>Description of any known trends affecting the Issuer and the industries in which it operates</b>	<p>French and European regulators and legislators may, at any time, implement new or different measures that could have a significant impact on the Issuer and/or on the financial system in general. In this respect, the European Commission proposal dated 12 March 2018 for a directive on covered bonds lays down the conditions that these bonds have to respect in order to be recognised under the European law. It also strengthens investor protection by imposing specific supervisory duties. The proposal for a directive is complemented by a proposal for a regulation amending Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms.</p>
<b>B.5</b>	<b>Description of the Issuer's Group and the Issuer's position within the Group</b>	<p>The Issuer is the dedicated "<i>société de financement de l'habitat</i>" of the Crédit Mutuel Arkéa Group, issuing Covered Bonds (<i>obligations de financement de l'habitat</i>).</p> <p>The Crédit Mutuel Arkéa Group is composed of Crédit Mutuel Arkéa (<i>société anonyme coopérative de crédit à capital variable</i>), the Crédit Mutuel entities (each, a "<b>Crédit Mutuel Entity</b>"), and any other entities (including Belgian entities) (each, an "<b>Other Entity</b>") and their respective direct or indirect consolidated affiliates.</p> <p>Crédit Mutuel Entity means any Caisse de Crédit Mutuel (within the meaning of Articles L. 512-55 <i>et seq.</i> of the French Monetary and Financial Code (<i>Code monétaire et financier</i>)) which is affiliated to the Fédération de Crédit Mutuel de Bretagne, the Fédération de Crédit Mutuel du Sud-Ouest or the Fédération de Crédit Mutuel Massif Central.</p> <p>Other Entity means any collateral provider (the "<b>Collateral Provider</b>") controlled by Crédit Mutuel Arkéa within the meaning of Article L. 233-3 of the French Commercial Code (<i>Code de commerce</i>) and which is not a Crédit Mutuel Entity.</p> <p>As the second-largest regional entity in the French Crédit Mutuel network, Crédit Mutuel Arkéa comprises the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations as well as approximately 20 specialized affiliates.</p> <p>This Issuer is an affiliate of Crédit Mutuel Arkéa which holds 99.9% of its share capital.</p> <p>On January 17, 2018, Crédit Mutuel Arkéa's board of directors authorised Crédit Mutuel Arkéa Group's senior management to take all actions enabling Crédit Mutuel Arkéa to become a cooperative and mutual banking group independent from the rest of Crédit Mutuel. The directors of Crédit Mutuel Entities and the directors of Bretagne, Sud-Ouest and Massif Central federations were requested to vote during the first half of 2018. At the conclusion of the consultation process initiated by the Crédit Mutuel Arkéa Group's Crédit Mutuel Entities, and after the</p>

federations' Boards of Directors had met, the Crédit Mutuel Arkéa Group certified the results of the votes cast by the 307 local banks: 94.5% of the Crédit Mutuel Entities voted in favor of Crédit Mutuel Arkéa's independence, which will thus become a cooperative and territorial group with mutualist values, independent from the rest of Crédit Mutuel.

The Crédit Mutuel Arkéa Group will now begin operational implementation of its unilateral disaffiliation. At its meeting of June 29, 2018, Crédit Mutuel Arkéa's Board of Directors approved the planned organizational structure of the future independent group and called on the local savings banks to convey their opinion, starting in the fall of 2018, on the implementation of this structure. It was also decided that Crédit Mutuel Arkéa will do business under a name other than "Crédit Mutuel." More specifically, with respect to the local savings banks that are members of the Crédit Mutuel Massif Central federation, at the Crédit Mutuel Arkéa board of directors' meeting held on January 17, 2018, the Crédit Mutuel Arkéa Group requested the local savings banks of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations to initiate consultations on the Crédit Mutuel Arkéa Group's proposed independence. The board of directors of the Crédit Mutuel Massif Central federation opposed the principle of consulting the boards of directors of the local savings banks within its purview. Nevertheless, a consultation was initiated by six of the thirty local savings banks that are members of the Crédit Mutuel Massif Central federation.

With regard to the process of convergence of Crédit Mutuel Massif Central's local savings banks members to the *Caisse Fédérale de Crédit Mutuel* ("CFCM"), the Board of Directors of the CNCM on June 19, 2018 gave its prior approval to the convergence project of Crédit Mutuel Massif Central to the CFCM. The governing bodies of the federation and Crédit Mutuel Massif Central *caisse régionale*, dated June 29, 2018, approved the convergence process. At the date of this Prospectus, the banking activity of each of Crédit Mutuel Massif Central's thirty local savings banks is exercised through the collective authorisation of Crédit Mutuel Arkéa as a credit institution.

Crédit Mutuel Arkéa Group's proposed organizational structure



<b>B.9</b>	<b>Profit</b>	Not applicable. The Issuer does not provide any figure of profit forecast or estimate.
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	forecast or estimate																																																	
<b>B.10</b>	<b>Qualifications in the auditors' report</b>	Not applicable. There are no qualifications in any audit report on the historical financial information included in the Base Prospectus.																																																
<b>B.12</b>	<b>Selected historical key financial information</b>	<p><u>Comparative Annual Financial Data (in thousands of EUR)</u></p> <table border="1"> <thead> <tr> <th><b>Income Statement</b></th> <th>31/12/2017</th> <th>31/12/2016</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td>2,320</td> <td>2,285</td> </tr> <tr> <td>Gross operating income</td> <td>627</td> <td>642</td> </tr> <tr> <td>Net income</td> <td>208</td> <td>208</td> </tr> <tr> <td colspan="3"><b>Balance sheet</b></td> </tr> <tr> <td>Total consolidated balance sheet</td> <td>5,179,877</td> <td>4,683,157</td> </tr> <tr> <td>Shareholders equity</td> <td>42,397</td> <td>42,349</td> </tr> <tr> <td>Debt securities</td> <td>5,104,479</td> <td>4,607,288</td> </tr> </tbody> </table> <p><u>Comparative Interim Financial Data (in thousands of EUR)</u></p> <table border="1"> <thead> <tr> <th><b>Income Statement</b></th> <th>30/06/2018</th> <th>30/06/2017</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td>1,300</td> <td>1,108</td> </tr> <tr> <td>Gross operating income</td> <td>337</td> <td>356</td> </tr> <tr> <td>Net income</td> <td>138</td> <td>139</td> </tr> <tr> <td colspan="3"><b>Balance sheet</b></td> </tr> <tr> <td>Total consolidated balance sheet</td> <td>6,206,722</td> <td>4,655,424</td> </tr> <tr> <td>Shareholders equity</td> <td>42,374</td> <td>42,327</td> </tr> <tr> <td>Debt securities</td> <td>6,133,362</td> <td>4,583,090</td> </tr> </tbody> </table> <p>To the best of the Issuer's knowledge, there has been no material adverse change in the prospects of the Issuer since its last financial statements dated 31 December 2017 and there has been no significant change in the financial or trading position of the Issuer since 30 June 2018.</p>	<b>Income Statement</b>	31/12/2017	31/12/2016	Net banking income	2,320	2,285	Gross operating income	627	642	Net income	208	208	<b>Balance sheet</b>			Total consolidated balance sheet	5,179,877	4,683,157	Shareholders equity	42,397	42,349	Debt securities	5,104,479	4,607,288	<b>Income Statement</b>	30/06/2018	30/06/2017	Net banking income	1,300	1,108	Gross operating income	337	356	Net income	138	139	<b>Balance sheet</b>			Total consolidated balance sheet	6,206,722	4,655,424	Shareholders equity	42,374	42,327	Debt securities	6,133,362	4,583,090
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<b>B.13</b>	<b>Recent material events relevant to evaluation of the Issuer's solvency</b>	Not Applicable. As at the date of this Base Prospectus and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 30 June 2018.																																																
<b>B.14</b>	<b>Extent to</b>	Please also refer to the information provided in item B.5 above.																																																

	<p><b>which the Issuer is dependent upon other Group entities</b></p>	<p>The Issuer relies on third parties who have agreed to perform services for the Issuer. In particular, the Issuer relies on Crédit Mutuel Arkéa or its affiliates (or their successors) for:</p> <ul style="list-style-type: none"> <li>- the management of its operations in accordance with the provisions of Article L. 513-15 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>);</li> <li>- its risk management;</li> <li>- the origination and monitoring of the home loans granted as collateral security (as defined hereafter in item B.15);</li> <li>- the hedging of its obligations under the Covered Bonds;</li> <li>- the provision of liquidity;</li> <li>- the opening and operation of certain of its bank accounts.</li> </ul> <p>Without prejudice to the Collateral Security, the Issuer is also exposed to the credit risk of Crédit Mutuel Arkéa as Borrower under the Borrower Advances granted by the Issuer.</p>
<p><b>B.15</b></p>	<p><b>Principal activities of the Issuer</b></p>	<p>The Issuer's exclusive corporate purpose set out in Article 2 of the Issuer's by-laws is to finance home loans (<i>prêts à l'habitat</i>) (the "<b>Home Loans</b>") and other financial assets which are eligible under the legal framework applicable to <i>sociétés de financement de l'habitat</i> and in order to finance such transactions, the Issuer may issue bonds called <i>obligations de financement de l'habitat</i> that benefit from the <i>privilège</i> provided for in Article L. 513-11 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>) (or incur other forms of borrowings benefiting from the <i>privilège</i>) and may also issue ordinary bonds or raise other sources of financing which do not benefit from the <i>privilège</i>.</p> <p>On the date of this Base Prospectus, the sole activity of the Issuer is to issue Covered Bonds from time to time that benefit from the <i>privilège</i> and to use the proceeds thereof to fund advances (each, a "<b>Borrower Advance</b>"), as lender (in such capacity the "<b>Lender</b>"), to Crédit Mutuel Arkéa, as borrower (in such capacity, the "<b>Borrower</b>") under a credit facility agreement (the "<b>Borrower Facility Agreement</b>"), such Borrower Advances being fully secured by the Borrower and the Collateral Providers who shall grant the Home Loan receivables as collateral security (<i>remise en garantie financière à titre de sûreté</i>) (the "<b>Collateral Security</b>") pursuant to Articles L. 211-36 to L. 211-40 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>) (the "<b>Collateral Security</b>") and the provisions of a collateral security agreement (the "<b>Collateral Security Agreement</b>").</p>
<p><b>B.16</b></p>	<p><b>Extent to which the Issuer is directly or indirectly owned or controlled</b></p>	<p>At the date of this Base Prospectus, 99.9 per cent. of the Issuer's share capital is held by Crédit Mutuel Arkéa.</p>
<p><b>B.17</b></p>	<p><b>Credit ratings assigned to the Issuer or its debt securities</b></p>	<p>[Covered Bonds to be issued under the Programme are expected on issue to be rated AAA by S&amp;P Global Ratings and Aaa by Moody's Investors Services Ltd (together, the "<b>Rating Agencies</b>").</p> <p>The rating of the Covered Bonds will be specified in the relevant Final Terms.</p>

		<p>As of the date of this Base Prospectus, the Rating Agencies are established in the European Union and are registered under Regulation (EU) no. 1060/2009, as amended and are included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a>). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.]<sup>1</sup></p> <p>[Not applicable. The Covered Bonds to be issued are not rated]/[The Covered Bonds to be issued have been rated/are expected to be rated [●] by [●].]</p>
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<i>Section C – Securities</i>		
<b>C.1</b>	<b>Type, class and identification number of the Covered Bonds</b>	<p><b>[Covered Bonds description]</b> The Covered Bonds may be issued on a syndicated or non-syndicated basis.</p> <p>The Covered Bonds will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche will be set out in the relevant Final Terms.</p> <p><b>French law Covered Bonds identification number</b> The ISIN code of the French law Covered Bonds will be specified in the relevant Final Terms.]<sup>2</sup></p> <p><b>Covered Bonds description</b> [The Covered Bonds will be issued on a [syndicated / non-syndicated] basis, under Series no. [●], Tranche no. [●].] The Covered Bonds will be issued in the form of [Dematerialised/Materialised] Covered Bonds.</p> <p><b>French law Covered Bonds identification number</b> The identification number of the French law Covered Bonds to be issued (ISIN) is: [●]. The common code of the French law Covered Bonds to be issued is: [●].</p>
<b>C.2</b>	<b>Currency</b>	<p>[Subject to compliance with all relevant laws, regulations and directives, Covered Bonds may be issued in Euro, U.S. dollars, Yen, Swiss Francs and, subject to prior Rating Affirmation, in any other currency agreed between the Issuer and the relevant Dealer(s).</p> <p><b>"Rating Affirmation"</b> means, with respect to any specified action, determination or appointment and except as otherwise specified herein and/or in any Programme documents, notification by the Issuer (or the relevant Representative) to the relevant Rating Agencies, for so long as any Covered Bonds are rated by them, of such specified action, determination or appointment which does not result in the downgrading, or withdrawal, of the ratings then assigned to the Covered Bonds.]<sup>3</sup></p>

<sup>1</sup> Delete these paragraphs when preparing an issue specific summary

<sup>2</sup> Delete these paragraphs when preparing an issue specific summary

<sup>3</sup> Delete these paragraphs when preparing an issue specific summary

		The currency of the issue is: [ ● ].
C.5	<b>Restrictions on free transferability</b>	Not applicable. There is no restriction on the free transferability of the Covered Bonds (subject to the applicable selling restrictions in various jurisdictions).
C.8	<b>Description of the rights attached to the Covered Bonds and limitations of those rights</b>	<p><b>[Status of the Covered Bonds]</b>  Subject to the Priority Payments Orders (as defined below), the Covered Bonds, and, where appropriate, any related interest coupons (the "<b>Coupons</b>") will constitute direct, unconditional, unsubordinated and privileged obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves. The Covered Bonds are issued under Articles L. 513-28 to L. 513-32 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>). Any holder of Covered Bonds ("<b>Bondholder</b>") benefit from a <i>privilège</i> (priority in right of payment) provided for in Article L. 513-11 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>) over all the assets and revenues of the Issuer.</p> <p><b>Negative Pledge</b>  Except in accordance with Programme documents, the Issuer will not create or permit to subsist any privilege, mortgage, charge, pledge or other form of security interest (<i>sûreté réelle</i>) upon any of its assets or revenues, present or future, to secure any Relevant Undertaking (as defined below) of, or guaranteed by, the Issuer;</p> <p>where "<b>Relevant Undertaking</b>" means any present or future (i) indebtedness for borrowed money and (ii) undertaking in relation to interest or currency swap transactions.</p> <p><b>Events of default</b>  Subject to the legal framework applicable to <i>sociétés de financement de l'habitat</i>, if an Issuer Event of Default occurs in respect of any Series of Covered Bonds, the Representative (as defined hereafter in item C.9) (i) may, at its discretion, or (ii) shall, if so directed by the Majority Bondholders or if such Issuer Event of Default is a Covered Bonds Cross Acceleration Event (as defined below), upon written notice (an "<b>Issuer Enforcement Notice</b>") to the Fiscal Agent and the Issuer (with copy to the administrator and to the Rating Agencies) given before all defaults have been cured, cause the principal amount of all Covered Bonds of such Series to become due and payable (but subject to the relevant Payment Priority Order (as defined below)), together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent.</p> <p>For the purpose of this paragraph:</p> <p><b>"Issuer Event of Default"</b> means the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>(a) at any relevant time following the service of a borrower enforcement notice, a breach of amortisation test occurs; or</li> <li>(b) the Issuer is in default in the payment of principal of, or interest on, any Covered Bond when due and payable, unless such default has arisen by reason of technical default or error and payment is made within three (3) Business Days of the due date thereof; or</li> <li>(c) the Issuer is in default in the performance or observance of any of its other material obligations under any Covered Bond and such default</li> </ul>

		<p>has not been cured within thirty (30) calendar days after the receipt by the Fiscal Agent (with copy to the Issuer, and, when applicable, the specific controller) of the written notice of such default by (i) in the case of any French law Covered Bonds, the Representative, and (ii) in the case of German law Covered Bonds, a Bondholder, requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied; or</p> <p>(d) any other present or future indebtedness of the Issuer (including any Covered Bonds of any other Series (including German law Covered Bonds)) becomes or becomes capable of being declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period (a "<b>Covered Bonds Cross Acceleration Event</b>"); or</p> <p>(e) an order is made or an effective resolution passed for the liquidation or winding up of the Issuer (except in the case of a liquidation or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by the Majority Bondholders of all Series for which Covered Bonds (including German law Covered Bonds) or, if applicable, any Coupons relating to them, are outstanding, and such liquidation or winding up being subject to prior Rating Affirmation); or</p> <p>(f) the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, any insolvency or bankruptcy proceedings set out in Book VI of the French Commercial Code (<i>Code de commerce</i>), it being understood that the Issuer applying for the appointment of an <i>ad hoc</i> representative (<i>mandataire ad hoc</i>) or entering into a conciliation procedure (<i>procédure de conciliation</i>) or being subject to such application with its principal creditors will not constitute an event of default pursuant to new Article L. 611-16 of the French Commercial Code (<i>Code de commerce</i>). Pursuant to such new Article L. 611-16 of the French Commercial Code (<i>Code de commerce</i>), any contractual provision to the contrary shall be null and void; or</p> <p>(g) the Issuer ceases to carry on all or a material part of its business (except in the case of a cessation for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, in each case the terms of which have previously been approved by the Majority Bondholders of all Series for which Covered Bonds (including German law Covered Bonds) or, if applicable, any Coupons relating to them, are Outstanding and such liquidation or winding up being subject to prior Rating Affirmation); or</p> <p><b>"Majority Bondholders"</b> means:</p> <p>(i) in relation to any Series of French law Covered Bonds, a decision of the General Meeting (as defined hereafter in item C.9) of such Series; and</p> <p>(ii) in relation to any Series of German law Covered Bonds, an approval of one or more German law Bondholders holding at least two-thirds (2/3) of the then outstanding principal amount of such German law Covered Bonds.</p>
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		<p><b>"Priority Payment Orders"</b> means that payments to the Bondholders by the Issuer are subject to priority payment orders applicable to the Issuer.</p> <p><b>Limitations of rights</b> Covered Bonds will be redeemable prior to their stated maturity, for tax reasons, illegality or at the option of the Issuer. Please also refer to the information provided in item C.9 below. Claims against the Issuer for payment in respect of any amount due under the Covered Bonds and Coupons shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.</p> <p><b>Further issues</b> The Issuer may from time to time without the consent of the Bondholders or holders of Coupons create and issue further Covered Bonds to be assimilated (<i>assimilables</i> for the purpose of French law) with the Covered Bonds provided such Covered Bonds and the further Covered Bonds carry rights identical in all respects (or identical in all respects save as to the principal amount thereof and the first payment of interest as specified in the relevant Final Terms) and that the terms of such Covered Bonds provide for such assimilation.</p> <p><b>Governing law</b> French law or German law]<sup>4</sup></p> <p><b>Issue price</b> The issue price of the Covered Bonds is: [ ● ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ● ] (if applicable)].</p> <p>Specified Denomination: [ ● ]</p>
C.9	<p><b>Interest, maturity and redemption provisions, yield and representation of the Bondholders</b></p>	<p>[Please also refer to the information provided in item C.8 above.</p> <p><b>Nominal interest rate</b> The Covered Bonds may or may not bear interest. The interest, if any, may be fixed interest or floating interest, or at a rate which varies during the duration of the relevant tranche. Unless a higher minimum rate of interest is specified in the relevant Final Terms, the minimum rate of interest, being the relevant rate of interest plus any relevant margin, shall be deemed equal to zero.</p> <p><b>Date from which interest becomes payable and due dates for interest</b> Such dates will be specified in the relevant Final Terms.</p> <p><b>Description of the underlying on which the rate is based, in case of a non-fixed rate</b> Not applicable, interest, if any, will be based on fixed rate or floating rate or at a rate which varies during the duration of the relevant Tranche.</p> <p><b>Maturity date and conditions of amortization of the issue, including the redemption procedures</b></p>

<sup>4</sup> Delete these paragraphs when preparing an issue specific summary

	<p>Subject to compliance with all relevant laws, regulations and directives, the Covered Bonds may have any maturity as specified in the relevant Final Terms (the "<b>Final Maturity Date</b>"), subject to such minimum maturity as may be required by the applicable legal and/or regulatory requirements.</p> <p>An extended final maturity date (the "<b>Extended Final Maturity Date</b>") may be specified in the relevant Final Terms of a Series of Covered Bonds in accordance with the applicable Conditions, each such Covered Bonds being referred to as "<b>Soft Bullet Covered Bonds</b>".</p> <p><i>Redemption at the maturity date</i></p> <p>Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the redemption amounts payable calculated on the basis of the applicable Conditions (the "<b>Final Redemption Amount</b>").</p> <p><i>Optional redemption</i></p> <p>The Final Terms issued in respect of each issue of Covered Bonds will state whether such Covered Bonds may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Bondholders, and if so the terms applicable to such redemption in accordance with the provisions of the relevant Conditions. In such case, Covered Bonds shall be redeemed at the optional redemption amount (the "<b>Optional Redemption Amount</b>").</p> <p>(i) Zero Coupon Covered Bonds</p> <p>The Optional Redemption Amount shall be the amortised nominal amount (the "<b>Amortised Nominal Amount</b>") of the Covered Bonds</p> <p>Where:</p> <p>Amortised Nominal Amount shall be the scheduled Final Redemption Amount of such Covered Bonds on the Final Maturity Date (or the Extended Final Maturity Date, if any) discounted at a rate per annum equal to the amortization yield compounded annually.</p> <p>(ii) Other Covered Bonds</p> <p>The Optional Redemption Amount payable in respect of any Covered Bond will be determined on the following basis:</p> <p>Optional Redemption Amount = Y x Specified Denomination</p> <p>Where:</p> <p>"Y" means the ratio expressed as a percentage specified in the relevant Final Terms.</p> <p><i>Early redemption</i></p> <p>Except as provided in "Optional redemption" above, Covered Bonds will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons or illegality. In such case, Covered Bonds shall be redeemed at the optional redemption amount (the "<b>Early Redemption Amount</b>").</p> <p>(i) Zero Coupon Covered Bonds</p> <p>The Early Redemption Amount shall be the amortised nominal amount (the "<b>Amortised Nominal Amount</b>") of the Covered Bonds</p> <p>Where:</p> <p>Amortised Nominal Amount shall be the scheduled Final Redemption Amount of such Covered Bonds on the Final Maturity Date (or the Extended Final Maturity Date, if any) discounted at a rate per annum equal to the amortization yield compounded annually.</p>
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	<p>(ii) <b>Other Covered Bonds</b>  The Early Redemption Amount payable in respect of any Covered Bond shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption.</p> <p><b>Yield</b>  The yield of the Fixed Rate Covered Bonds will be specified in the relevant Final Terms. It is not an indication of future yield.</p> <p><b>Representative of the French law Bondholders</b>  French law Bondholders will, in respect of all Tranches of the relevant Series, be grouped automatically for the defence of their common interests in a <i>masse</i> (the "<b>Masse</b>") and the provisions of the French Commercial Code (<i>Code de commerce</i>) relating to the Masse shall apply.</p> <p>The <i>Masse</i> will act in part through a representative (the "<b>Representative</b>") and in part through collective decisions of the French law Bondholders adopted either in a general meeting (the "<b>General Meeting</b>") or by unanimous consent following a written consultation (the "<b>Written Unanimous Decision</b>").</p> <p>Subject to the provisions of the relevant Final Terms, the names and addresses of the initial Representative are: DIIS GROUP, 12, rue Vivienne 75002 Paris. The Representative appointed in respect of the first Tranche of any Series of Covered Bonds will be the representative of the single Masse of all Tranches in such Series.]<sup>5</sup></p> <p><b>Nominal interest rate</b>  [<i>To be specified</i>: Fixed Rate; Floating Rate; Fixed/Floating Rate; Zero Coupon]  [If Fixed Rate :  Rate of Interest: [ ● ] per cent. per annum]  [If Floating Rate:  Interest Basis: [ ● ]  Margin: [Not applicable]/[<i>To be specified</i>]  Determination: [ISDA Determination]/[Screen Rate Determination with fall-back provisions should an administrator/benchmark event occur]  Maximal or minimal interest rate: [Not applicable]/[<i>To be specified</i>]  [If Fixed/Floating Rate:  Switch Date of the Interest Basis: [ ● ]]  [If Zero Coupon:  Zero Coupon Covered Bonds are issued [at par / at [<i>specify if below par</i>]] and will not bear interest.]</p> <p><b>Date from which interest becomes payable and due dates for interest</b>  The date from which interest becomes payable is [ ● ].  The due date[s] for interest [is]/[are] [ ● ].</p> <p><b>Maturity date and conditions of amortization of the issue, including the redemption procedures</b>  The Final Maturity Date of the Covered Bonds is [ ● ].  [The Extended Final Maturity Date of the Covered Bonds is [ ● ].</p>
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<sup>5</sup> Delete these paragraphs when preparing an issue specific summary

		<p><i>Redemption at the maturity date</i> Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date [or the Extended Final Maturity Date, as the case may be] at 100 per cent. of their nominal amount.</p> <p><i>Optional redemption</i> [Put Option/Call Option]</p> <p><i>Early Redemption:</i> [Zero Coupon Covered Bonds/Other Covered Bonds]/[Not applicable. Covered Bonds will be redeemed on the Final Maturity Date [or the Extended Final Maturity Date, as the case may be]]</p> <p><i>Yield (only if Fixed Rate Covered Bonds)</i> [The yield of the Covered Bonds is [●]]/[Not applicable]</p> <p><i>Representative of the French Law Bondholders</i> French law Bondholders are grouped automatically for the defence of their common interests in a Masse. [The initial Representative for all Series of Covered Bonds is: DIIS GROUP, 12, rue Vivienne 75002 Paris.]/[Not Applicable]</p>
<b>C.10</b>	<b>Derivative component in the interest payment of the Covered Bonds</b>	Not applicable. The Covered Bonds do not have any derivative component in the interest payment.
<b>C.11</b>	<b>Listing and admission to trading on a regulated market</b>	<p>[Application may be made for French law Covered Bonds to be listed and admitted to trading on the Luxembourg Stock Exchange and/or on any other regulated market in the European Economic Area in accordance with the directive 2003/71/EC as amended and/or any other market as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of French law Covered Bonds may be unlisted.</p> <p>The German law Covered Bonds will not be admitted to trading nor listed on any market or stock exchange.]<sup>6</sup></p> <p>[Not applicable. No application has been made for the French law Covered Bonds to be listed and admitted to trading on a regulated market]/[Application has been made]/[Application is expected to be made] by the Issuer (or on its behalf) for the French law Covered Bonds to be listed and admitted to trading on [the regulated market of the Luxembourg Stock Exchange/[●]] with effect from [●].]</p>

**Section D – Risks**

<b>D.2</b>	<b>Key risks regarding the Issuer</b>	<p><i>Risks factors linked to the Issuer include the following:</i></p> <ul style="list-style-type: none"> <li>- the Issuer has sole liability under the Covered Bonds;</li> </ul>
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<sup>6</sup> Delete these paragraphs when preparing an issue specific summary

		<ul style="list-style-type: none"> <li>- the Issuer is subject to legal and regulatory changes that could materially affect the Issuer's business or the value of its assets;</li> <li>- the Issuer relies on Crédit Mutuel Arkéa and any entity of the Crédit Mutuel Arkéa Group or their successors for its operations and to administer the Programme documents, for the monitoring of the collateral security assets, for the hedging of any interests rate or currency risks between its assets and its liabilities under the Covered Bonds and for the provision of liquidity;</li> <li>- when the Issuer shall replace a counterparty, it is exposed to a substitution risk, <i>i.e.</i> a risk of delay or inability to appoint a substitute entity in the required timeframe;</li> <li>- as some counterparties (including Crédit Mutuel Arkéa) act as several capacities, the Issuer may be exposed to conflicts of interest;</li> <li>- the Bondholders are exposed to a risk of modification, alteration or amendment of the Programme documents without their prior consent;</li> <li>- insolvency and examinership laws in France could limit the ability of the Bondholders to enforce their rights under the Covered Bonds;</li> <li>- some risks may exist in relation to (i) the implementation of the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and (ii) the application of regulation (EU) 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a single resolution mechanism and a single resolution fund;</li> <li>- the Issuer filing for bankruptcy will not give rise to the right on the part of Bondholders to declare the Covered Bonds immediately due and payable;</li> <li>- the Issuer has limited resources available to meet its obligations under the Covered Bonds;</li> <li>- the recourse and enforcement with respect to the Issuer is subject to significant limitations;</li> <li>- there is no guarantee on the market value of the permitted investments;</li> </ul> <p><b><i>Risks factors linked to the Borrower include the following:</i></b></p> <ul style="list-style-type: none"> <li>- the Issuer bears the risk relating to the Borrower's ability to pay under the Borrower Facility Agreement;</li> <li>- the credit rating of the Covered Bonds may be affected by various factors;</li> <li>- the risks related to the unilateral disaffiliation of Crédit Mutuel Arkéa's Group from Crédit Mutuel</li> </ul> <p><b>(i) Implementation of the Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel</b></p> <p>Since late 2014, Crédit Mutuel Arkéa has been involved in a series of disputes with Confédération Nationale du Crédit Mutuel ("CNCM"), Crédit Mutuel's central body, relating primarily to potential conflicts of interest between the central body and one of its affiliates. These disputes mainly concern administrative, technical and financial supervision by CNCM and the use of the "Crédit Mutuel" name.</p> <p>This situation led Crédit Mutuel Arkéa's Board of Directors, at its meeting of January 17, 2018, to authorise Crédit Mutuel Arkéa Group's senior management to take all actions enabling Crédit Mutuel Arkéa to become a</p>
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	<p>cooperative and mutual banking group independent from the rest of Crédit Mutuel.</p> <p>The directors of the local savings banks and the directors of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations were requested to vote during the first half of 2018. At the conclusion of the consultation process initiated by the Crédit Mutuel Arkéa Group's local savings banks, and after the federations' Boards of Directors had met, the Crédit Mutuel Arkéa Group certified the results of the votes cast by the 307 local banks: 94.5% of the local savings banks voted in favor of Crédit Mutuel Arkéa's independence, which will thus become a cooperative and territorial group with mutualist values, independent from the rest of Crédit Mutuel. This historic inaugural vote, which binds all stakeholders, definitively marks the departure will of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.</p> <p>The Crédit Mutuel Arkéa Group will now begin operational implementation of its unilateral disaffiliation.</p> <p>At its meeting of June 29, 2018, Crédit Mutuel Arkéa's Board of Directors approved the planned organizational structure of the future independent group and called on the local savings banks to convey their opinion, starting in the fall of 2018, on the implementation of this structure. It was also decided that Crédit Mutuel Arkéa will do business under a name other than "Crédit Mutuel". Nevertheless, operational implementation of Crédit Mutuel Arkéa Group's unilateral disaffiliation must be approved by the local savings banks.</p> <p>It is anticipated that, after the unilateral disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, the local savings banks will become Local Cooperative Companies ("<b>LCCs</b>") and will retain their status as cooperative companies with variable capital that, together with Arkéa (which will then become the "<b>Arkéa Group</b>"), will form a union of cooperatives, pursuant to Act 47-1775 of September 10, 1947 which created cooperative status (the "<b>1947 Act</b>"). The corporate purpose of the new LCCs will be refocused on their primary objective: to develop the cooperative shareholder base and facilitate access to banking and financial services. They will thus be responsible, in particular, for promoting cooperative and mutualist values and for advising cooperative shareholders and clients within their geographical purview.</p> <p>To do so, all regulated financial activities of the local savings banks will be contributed or sold to Arkéa Group, which at the same time will open local branches within the banks. Moreover, under this new organization, all banking operations and investment services will thereafter be carried out by the Arkéa Group local branch opened on the LCCs' premises.</p> <p>To perform their intermediation activities, the LCCs could, if necessary, opt for the status of banking transaction and payment services intermediaries, insurance intermediaries and/or tied agents of Arkéa Group for the provision of investment services.</p> <p>Each LCC could also advise the local branch of Arkéa Group with which it is affiliated for the purpose of providing appropriate banking and financial services to its cooperative shareholders.</p> <p>In accordance with the 1947 Act, each cooperative shareholder could continue to take part in the LCCs' corporate procedures under the "one person, one vote" principle and run for a position on his/her LCC's board of directors. The LCCs will continue to be the sole holders of the class A common shares issued by Arkéa Group. In other words, Arkéa Group's</p>
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	<p>governance would be rooted in the involvement and participation of each LCC.</p> <p>In addition, an affiliation agreement between all LCCs and Arkéa Group will be entered into for a term of 99 years with the aim of implementing solidarity, mutual assistance and support mechanisms to further the achievement of the LCCs' primary mission, i.e., to promote access to banking and financial services for all.</p> <p>Regional federations will be set up to structure the operation and governance of the LCCs.</p> <p><u>Crédit Mutuel Arkéa Group's proposed organizational structure</u>: please refer to the sections B.4b entitled "<i>Known trends</i>" and B.5. entitled "<i>Description of the Group</i>".</p> <p>(ii) <b><u>Risks due to the complexity of the situation and risks associated with the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel</u></b></p> <p>The situation in relation to the Crédit Mutuel Arkéa Group's proposed disaffiliation from the Crédit Mutuel is unprecedented and particularly complex to achieve. Investors' attention is drawn to the complexity of the situation related to the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel and generates uncertainties and associated risks. In addition, any commercial stakes linked to the loss of the "Crédit Mutuel" brand and the adoption by Crédit Mutuel Arkéa of a name and commercial brands that do not include the terms "Crédit Mutuel" must be taken into consideration.</p> <p>Prior making any investment decision, prospective investors should conduct an in-depth analysis of the unilateral disaffiliation project, the Crédit Mutuel Arkéa Group's planned organizational structure as described above and the related uncertainties and associated risks, as described below. In particular, investors should carefully consider all the information included in this Base Prospectus and, especially when making their investment decision, the risk factors related to the change in the organization of the main shareholders of cooperative shares and the risks related to the unilateral disaffiliation of Crédit Mutuel Arkéa's Group from the Crédit Mutuel listed in this Base Prospectus.</p> <p>The disaffiliation of the Crédit Mutuel Arkéa Group will not change its status as a cooperative and territorial group with mutualist values. However, its disaffiliation from the Crédit Mutuel will engender consequences that may be difficult for investors to assess but that should be understood and analysed before making any investment decision. Due to its unprecedented situation, Crédit Mutuel Arkéa cannot guarantee that the project will be completed, that it will not be subject to major changes compared to what was originally planned or that new difficulties will not emerge during its implementation.</p> <p>(iii) <b><u>Risks in relation to local savings banks</u></b></p> <p><i>Uncertainties about the possibility for the local savings banks to continue issuing cooperative shares by making public offerings and possible loss of the local savings banks' banking licenses</i></p> <p>As a result of the local savings banks' unilateral disaffiliation from the Crédit</p>
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	<p>Mutuel, they will cease to be covered by the group banking license granted pursuant to Article R. 511-3 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>), which could impact their ability to issue cooperative shares to the public in the future. Until now, public offerings of cooperative shares have been an essential source of financing for Crédit Mutuel Arkéa. The inability of local savings banks to continue making public offerings could have a major impact on its financial position if an alternative plan is not put in place. A share issue program is under discussion with the French Prudential Supervision and Resolution Authority ("<b>ACPR</b>") and the European Central Bank ("<b>ECB</b>"). There is no certainty that the proposed program will be accepted by the authorities.</p> <p>Crédit Mutuel Arkéa's analysis of the implementation of Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel has confirmed that the class A, B and C cooperative shares that have been issued by the local savings banks to date would not be affected.</p> <p>The legal basis for early redemption of the class A, B and C cooperative shares is found in (i) the 1947 Act and (ii) Regulation (EU) No. 575/2013 of June 26, 2013 due to the capital nature of the cooperative shares. These laws do not provide for early redemption on the grounds of loss of the local savings banks' banking license or a change in their corporate purpose, provided they retain their cooperative status.</p> <p>Moreover, the contractual terms of the class A, B and C cooperative shares do not provide for early redemption in the event the local savings banks that are converted into LCCs lose their banking license.</p> <p><b><i>Risk associated with the future status of the local savings banks that voted against the proposed unilateral disaffiliation</i></b></p> <p>The local savings banks that voted against the unilateral disaffiliation from the Crédit Mutuel, or that choose not to take part in the vote, may decide not to join this new organization. They may opt to remain a part of Crédit Mutuel, in an organizational structure yet to be defined by the Crédit Mutuel. However, the results of the vote on the Crédit Mutuel Arkéa Group's proposed independence are not necessarily an indication of the outcome of the local savings banks' future vote on the operational implementation of this unilateral disaffiliation from the Crédit Mutuel. Because each local savings bank's vote in the first half of 2018 was merely a straw poll, each local savings bank will be asked to vote on the Crédit Mutuel Arkéa Group's unilateral disaffiliation implementation.</p> <p>Local savings banks that choose to vote against unilateral disaffiliation will have to join the Crédit Mutuel in order to be covered by a new group banking license. This new affiliation is not grounds for early redemption of the class A, B and C cooperative shares. However, these local savings banks will be repaid the value of the ordinary class A Crédit Mutuel Arkéa shares they hold.</p> <p>More specifically, with respect to the local savings banks that are members of the Crédit Mutuel Massif Central federation, at the Crédit Mutuel Arkéa board of directors' meeting held on January 17, 2018, the Crédit Mutuel Arkéa Group requested the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations to initiate consultations on the Crédit Mutuel Arkéa Group's proposed independence. The board of directors of the Crédit Mutuel Massif Central federation opposed the principle of consulting the boards of directors of the local savings banks within its purview. Nevertheless, a consultation was initiated by six of the thirty local</p>
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	<p>savings banks that are members of the Crédit Mutuel Massif Central federation.</p> <p><b><i>Risks associated with the final vote of the cooperative shareholders</i></b></p> <p>Operational implementation of Crédit Mutuel Arkéa Group’s unilateral disaffiliation must be voted on and approved by the local savings banks’ boards of directors. Local savings banks that vote in favor of disaffiliation from the Crédit Mutuel will be required to convene an extraordinary general shareholders’ meeting to approve <i>inter alia</i> the relevant amendments to their articles of incorporation. The results of the straw poll on the Crédit Mutuel Arkéa Group’s proposed independence plan are not necessarily an indication of the outcome of the local savings banks’ future vote on the operational implementation of this unilateral disaffiliation from the Crédit Mutuel. There is no certainty as to the outcome of the local savings banks’ future votes.</p> <p><b>At this stage, there is no certainty as to how this situation may play out and/or when it will be resolved.</b></p> <p>(iv) <b><u>Risks in relation to Crédit Mutuel Arkéa</u></b></p> <p>At the conclusion of the unilateral disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, whose central body is the CNCM, the Arkéa Group will continue to be structured around Arkéa Group (currently Crédit Mutuel Arkéa), which will be licensed as a cooperative bank and directly supervised by the ACPR and the ECB.</p> <p><b><i>Risks associated with the approval of the supervisory authorities</i></b></p> <p>In accordance with the French Monetary and Financial Code (<i>Code monétaire et financier</i>), at the time of Crédit Mutuel Arkéa’s unilateral disaffiliation from the Crédit Mutuel, the CNCM, as its central body, should notify the ACPR of Crédit Mutuel Arkéa’s unilateral disaffiliation.</p> <p>Implementation of the proposed unilateral disaffiliation is subject to the approval of the ACPR and the ECB concerning the banking authorization of Crédit Mutuel Arkéa and the local savings banks attached to it, and these authorities will be required to make a decision thereon when the central body notifies the ACPR of each Crédit Mutuel Arkéa Group entity’s loss of affiliate status in accordance with Article L. 511-31 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>). At this stage, discussions are under way with each of these authorities. However, there is no assurance that their approval will be obtained, and the time frame and conditions for obtaining such approval are uncertain. Changing Crédit Mutuel Arkéa’s corporate name will also require the prior approval of these authorities.</p> <p><b><i>Risk associated with prudential calculations</i></b></p> <p>The Crédit Mutuel Arkéa Group’s disaffiliation from the Crédit Mutuel may result in a change in the weighted risk calculation internal model, which may generate higher capital requirements, or may require a transition to a standard model.</p> <p>As of December 31, 2017, credit risk was assessed on the basis of net risk exposure totaling €88 billion, of which:</p> <ul style="list-style-type: none"> <li>- risk exposure totaling €58.3 billion was measured using an internal rating approach; and</li> <li>- risk exposure totaling €29.7 billion was already measured using a</li> </ul>
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	<p>standard approach. Therefore, the disaffiliation from the Crédit Mutuel may lead to a review of the weighted risk assessment method for the €58 billion in risk exposure that is currently measured using an internal rating approach.</p> <p><b><i>Risks associated with compensation claims by the CNCM</i></b> On June 19, 2018, the CNCM issued a press release in which it raised the possibility of claiming compensation from the Crédit Mutuel Arkéa Group on "the basis of the € 3.5 billion in accumulated reserves of Crédit Mutuel Arkéa and its local savings banks, for the retrocession to Crédit Mutuel of the pooling profit created the community of customers and cooperative shareholders" and compensation for the "losses caused, in particular as a result of the need to reestablish its network in the Southwest and Brittany." Crédit Mutuel Arkéa considers this communication to be misleading because it lacks any legal basis, either as regards the calculation bases mentioned or as regards the very principle of compensation. To the date of this Base Prospectus, the Crédit Mutuel Arkéa Group has not received any formal and substantiated demand. However, if such a demand is made, Crédit Mutuel Arkéa will dispute it.</p> <p><b><i>Risks associated with Crédit Mutuel Arkéa's governance</i></b> At its meeting held on April 20, 2018, the CNCM's board of directors proposed new draft articles of incorporation for the CNCM that would enable it to expel key executives of the regional federations. In reaction thereto, Crédit Mutuel Arkéa's general shareholders' meeting held on May 16, 2018 adopted a resolution authorising Crédit Mutuel Arkéa's board of directors, its Chairman and the executives effectively running Crédit Mutuel Arkéa to decide to unilaterally disaffiliate from the CNCM in the event of hostile action. This exit would be carried out by exercising the right of withdrawal available to any member of a 1901 Act association such as the CNCM. These new provisions of the articles of incorporation were approved by CNCM's general shareholders' meeting held on May 31, 2018 and were then approved by the Economy and Finance Minister in a letter dated July 10, 2018.</p> <p><b><i>Litigation risks</i></b> Implementation of the Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel creates the risk that the CNCM may legally challenge the Crédit Mutuel Arkéa Group's unilateral disaffiliation.</p> <p>Moreover, operational implementation of the Crédit Mutuel Arkéa Group's disaffiliation may generate litigation or various claims against Crédit Mutuel Arkéa by the Group's customers or counterparties, in particular due to the unprecedented nature of such disaffiliation.</p> <p><b><i>Risk associated with the loss of inter-federation solidarity</i></b> Crédit Mutuel Arkéa will lose the benefit of the inter-federation solidarity mechanism if the Crédit Mutuel Arkéa Group becomes independent from Crédit Mutuel as described above. However, Crédit Mutuel Arkéa has its own solidarity mechanism, which would function in the first instance. An affiliation agreement between LCCs and Arkéa Group will be entered into for a term of 99 years with the aim of implementing solidarity, mutual assistance and support mechanisms to further the achievement of the LCCs' primary mission, i.e., to promote access to banking and financial services for all.</p> <p><b>At this stage, there is no certainty as to how this situation may play out</b></p>
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		<p><b>and/or when it will be resolved.</b></p> <p><b><i>Risks factors linked to the Collateral Security assets include the following:</i></b></p> <ul style="list-style-type: none"> <li>- the collateral security over the Home Loans Receivables is governed by French legal provisions implementing the European directive on financial collateral arrangements, as amended from time to time, and such French legal provisions have not yet been interpreted by French courts and by Belgian courts;</li> <li>- although the establishment and enforceability of the Collateral Security are not subject to any formality, there is no guidelines in the European directive on financial collateral arrangements, as amended from time to time, in the French Monetary and Financial Code (<i>Code monétaire et financier</i>), in legal commentaries or in French case law on how to satisfy the “control” requirement in practice relating to the Home Loan receivables;</li> <li>- although there might be some arguments to consider that this risk is mitigated in respect of the Issuer, there is an uncertainty as to whether the French regime for financial collateral arrangement protect against certain nullity of hardening period (<i>période suspecte</i>);</li> <li>- since the debtors under the Home Loans granted by the Collateral Providers as collateral security are only notified in case of enforcement of the Collateral Security, (i) there is a risk that the debtors may validly make payments to the Collateral Providers, (ii) there is no guarantee that the notification of the debtors will be made at the times required, and (iii) until notification has been made, the Issuer bears a commingling risk over the Collateral Providers in respect of collections under the Home Loans in case of bankruptcy of the Collateral Providers;</li> <li>- in respect of French law, as long as the debtors under the Home Loans governed by French law would have not been notified of the transfer of such Home Loans to the Issuer, the debtors would be entitled to invoke statutory and judicial set-off against the Issuer and, even after the notification of the transfer, the statutory set-off against the Issuer;</li> <li>- in respect of Belgian law, notwithstanding the transfer to the Issuer of the Home Loans governed by Belgian law, as long as the debtors are not notified of such transfer, the debtors under the relevant Home Loans may be entitled, under certain conditions, to set-off the relevant Loans receivable against a claim they may have <i>vis-à-vis</i> the Issuer;</li> <li>- if specific conditions are met under Belgian law, the defence of non performance may be invoked by a debtor in respect of a Home Loan governed by Belgian law which could potentially reduce amounts to be received by the Issuer under the Home Loans which would have been validly transferred to it;</li> <li>- although there might be some arguments to consider that this risk is mitigated in respect of the Issuer, there is an uncertainty as to whether the French regime for financial collateral arrangement protect against limitation for disproportionate guarantee provided by the French bankruptcy law;</li> <li>- the failure to maintain the value of the Collateral Security over the Home Loans prior to enforcement up to an amount sufficient to cover the Covered Bonds may result in the Issuer having insufficient funds to meet its obligations under the Covered Bonds;</li> </ul>
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		<p><b><i>Risks factors linked to the Home Loans and related Home Loans security include the following:</i></b></p> <ul style="list-style-type: none"> <li>- the Issuer is exposed to a credit risk depending on the debtors' ability to pay under the Home Loans;</li> <li>- the Issuer is exposed to the risk to lean on the sole investigations, representations and warranties of the Collateral Providers;</li> <li>- the Issuer is exposed to the risk of the limited description of the Home Loans;</li> <li>- the Issuer is exposed to the risk of prepayments of principal on the Home Loans which may affect its ability to make payments under the Covered Bonds upon the enforcement of the Collateral Security;</li> <li>- the Issuer is exposed to changes to lending criteria of the Collateral Providers;</li> <li>- the Issuer's ability to liquidate properties secured under mortgages may be affected by French law applicable to mortgages;</li> <li>- in the specific case of Home Loans governed by French law, the Issuer's ability to liquidate properties may be affected by the French mortgage and lender's privilege framework;</li> <li>- certain Home Loans governed by Belgian law may either be only partially secured by a mortgage and require a mortgage mandate to be converted into a mortgage or be subject to a promise of mortgage by the debtor;</li> <li>- certain Home Loans governed by Belgian law may be subject to a shared mortgage;</li> <li>- the Issuer's ability to liquidate properties secured under mortgages may be affected by the French foreclosure framework;</li> <li>- the Issuer's ability to liquidate properties secured under mortgages may be affected by insolvency proceedings against physical persons;</li> <li>- upon enforcement of the Home Loan guarantees, the Issuer is exposed, to the risk of no payment by the guarantor of amounts due under the relevant Home Loan guarantees;</li> </ul> <p><b><i>Risks factors linked to the operations of the Issuer include the following:</i></b></p> <ul style="list-style-type: none"> <li>- the Issuer could be exposed to interest and currency risks after the enforcement of the Collateral Security and in such a case shall put in place appropriate coverage mechanisms;</li> <li>- the Issuer is exposed to liquidity risks;</li> <li>- the security of the Crédit Mutuel Arkéa Group's information systems is managed within Crédit Mutuel Arkéa (operational risks).</li> </ul>
<b>D.3</b>	<b>Key risks regarding the</b>	[There are certain risk factors which are material for the purpose of assessing the risks related to the Covered Bonds issued under the Programme including the following:

	<b>Covered Bonds</b>	<ul style="list-style-type: none"> <li>- risks related to the Covered Bonds generally including (i) investments risks relating to the fact that the Covered Bonds may not be a suitable investment for all investors, (ii) modification of the Conditions applicable to the French law Covered Bonds, (iii) change of law, (iv) the European harmonisation of the framework applicable to the Covered Bonds, (v) taxation, (vi) the proposed financial transactions tax (FTT), (vii) rating of the Covered Bonds and Rating Affirmation, (viii) CRD IV package and new capital requirements and (ix) the fact that certain decisions are taken at Programme level;</li>   <li>- risks related to the structure of a particular issue of Covered Bonds including (i) Covered Bonds subject to optional redemption by the Issuer, (ii) the fact that soft bullet Covered Bonds may be redeemed after their Final Maturity Date, (iii) Fixed Rate Covered Bonds, (iv) Floating Rate Covered Bonds, (v) Fixed/Floating Rate Covered Bonds, (vi) Zero Coupon Covered Bonds, (vii) Benchmark regulation and other reform and different administration or discontinuance of benchmarks, including LIBOR, (ix) Covered Bonds issued at a substantial discount or premium and (x) forecasts and estimates;</li>   <li>- risks related to the market generally including (i) the market value of the Covered Bonds, (ii) the fact that an active market for the Covered Bonds may not develop, (iii) exchange rate risk and exchange controls, (iv) interest rate risks and (v) the fact that legal investment considerations may restrict certain investments.</li> </ul> <p>Prospective investors shall take their decision to invest in the Covered Bonds after a thorough reading of the information contained in the Base Prospectus and are invited to seek advice from their own advisers as regard to the legal, taxation and related aspects.]<sup>7</sup></p> <p>There are certain risk factors which are material for the purpose of assessing the risks related to the Covered Bonds including the following:</p> <ul style="list-style-type: none"> <li>- risks related to the Covered Bonds generally including (i) investments risks relating to the fact that the Covered Bonds may not be a suitable investment for all investors, (ii) modification of the Conditions applicable to the French law Covered Bonds, (iii) change of law, (iv) the European harmonisation of the framework applicable to the Covered Bonds, (v) taxation, (vi) the proposed financial transactions tax (FTT), (vii) rating of the Covered Bonds and Rating Affirmation, (viii) CRD IV package and new capital requirements and (ix) the fact that certain decisions are taken at Programme level;</li>   <li>- risks related to the structure of the Covered Bonds including [Covered Bonds subject to optional redemption by the Issuer / the fact that Soft Bullet Covered Bonds may be redeemed after their Final Maturity Date / Fixed Rate Covered Bonds / Floating Rate Covered Bonds / Fixed/Floating Rate Covered Bonds / Zero Coupon Covered Bonds / Benchmark regulation and other reform and different administration</li> </ul>
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<sup>7</sup> Delete these paragraphs when preparing an issue specific summary

		<p>and discontinuance of benchmarks, including LIBOR / Covered Bonds issued at a substantial discount or premium / forecasts and estimates];</p> <p>- risks related to the market generally including (i) the market value of the Covered Bonds, (ii) the fact that an active market for the Covered Bonds may not develop, (iii) exchange rate risk and exchange controls, (iv) interest rate risks and (v) the fact that legal investment considerations may restrict certain investments.</p> <p>Prospective investors shall take their decision to invest in the Covered Bonds after a thorough reading of the information contained in the Base Prospectus, as supplemented from time to time, and are invited to seek advice from their own advisers as regard to the legal, taxation and related aspects.</p>
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<i>Section E – Offer</i>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	<p>[The net proceeds of the issue of Covered Bonds will be used to fund the Borrower Advances that the Issuer (as Lender) will make available to Crédit Mutuel Arkéa (as Borrower) under the Borrower Facility Agreement.]<sup>8</sup></p> <p>[The net proceeds of the issue of Covered Bonds will be used to fund the Borrower Advances that the Issuer (as Lender) will make available to Crédit Mutuel Arkéa (as Borrower) under the Borrower Facility Agreement (as defined in B.15 above).]/[Other (to be specified)].</p>
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable. Covered Bonds are not offered to the public.
<b>E.4</b>	<b>Interest of natural and legal persons involved in the issue</b>	<p>[Interest or potential conflict of interests which may have a noticeable influence on the issue of the Covered Bonds will be described in the relevant Final Terms.]<sup>9</sup></p> <p>[Not applicable, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue.]/[The Dealer(s) will be paid aggregate commissions equal to [●] per cent. of the nominal amount of the Covered Bonds. So far as the Issuer is aware, no other person involved in the issue of the Covered Bonds has an interest material to the issue.]</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor by the Issuer</b>	<p>[An estimate of the expenses charged by the Issuer to the investor will be included in the relevant Final Terms.]<sup>10</sup></p> <p>[Not applicable. There is no expenses charged to the investor]/[The estimated expenses charged to the investor amount to [●].]</p>

<sup>8</sup> Delete this paragraph when preparing an issue specific summary

<sup>9</sup> Delete this paragraph when preparing an issue specific summary

<sup>10</sup> Delete this paragraph when preparing an issue specific summary

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

Les résumés doivent contenir des informations désignées sous le terme « **Éléments** ». Ces Éléments figurent dans les sections A à E (A.1 – E.7).

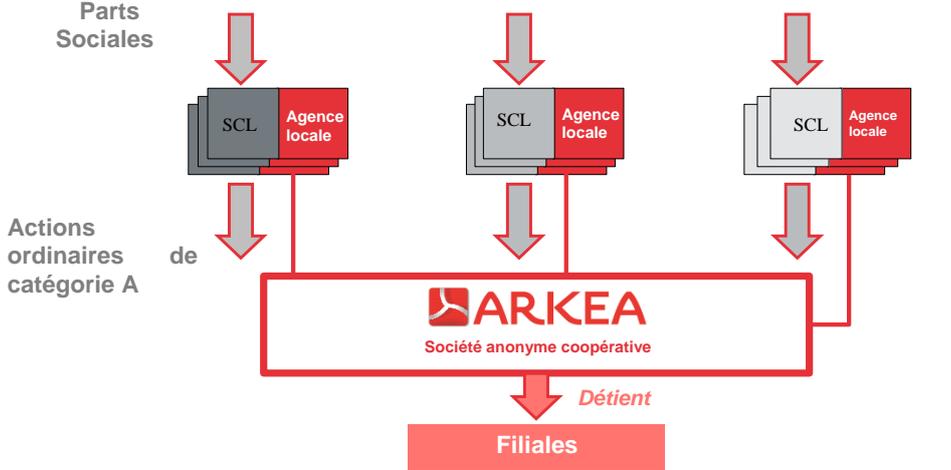
Le présent résumé contient tous les Éléments devant être inclus dans un résumé pour ce type de titres et d'Émetteur. La numérotation des Éléments peut ne pas se suivre en raison du fait que certains Éléments n'ont pas à être inclus.

Par ailleurs, quand bien même un Éléments pourrait devoir être inséré dans le résumé en raison du type de titres et d'Émetteur, il est possible qu'aucune information pertinente ne puisse être donnée à son propos. Dans ce cas, une brève description de l'Éléments concerné est incluse dans le résumé avec la mention « Sans objet ».

<i>Section A – Introduction et avertissements</i>		
<b>A.1</b>	<b>Avertissement général relatif au résumé</b>	<p>Le présent résumé doit être lu comme une introduction au présent Prospectus de Base.</p> <p>Toute décision d'investir dans les Obligations Sécurisées doit être fondée sur un examen exhaustif du Prospectus de Base par l'investisseur.</p> <p>Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale des États Membres, avoir à supporter les frais de traduction de ce Prospectus de Base avant le début de la procédure judiciaire.</p> <p>Une responsabilité civile n'est attribuée qu'aux personnes qui ont présenté le résumé, y compris sa traduction, mais uniquement si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base, ou s'il ne fournit pas, lu en combinaison avec les autres parties du Prospectus de Base, les informations clés permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les Obligations Sécurisées.</p>
<b>A.2</b>	<b>Information relative au consentement de l'Émetteur concernant l'utilisation du Prospectus</b>	<p>Sans objet. L'Émetteur ne donne pas son consentement pour l'utilisation du Prospectus de Base, tel que complété par le(s) supplément(s) y afférent(s) et les conditions définitives concernées (les « <b>Conditions Définitives</b> », et ensemble avec le Prospectus de Base, le « <b>Prospectus</b> »).</p>

<i>Section B – Émetteur</i>		
<b>B.1</b>	<b>Raison sociale et nom commercial de l'Émetteur</b>	Arkéa Home Loans SFH (l'« <b>Émetteur</b> »).
<b>B.2</b>	<b>Siège social/ Forme juridique/ Législation/ Pays d'immatriculation</b>	<p>Arkéa Home Loans SFH, société anonyme de Droit français, dûment autorisée à exercer en France en tant qu'établissement de crédit spécialisé avec le statut de société de financement de l'habitat accordé par l'Autorité de contrôle prudentiel et de résolution (l'« <b>ACPR</b> »).</p> <p>L'Émetteur est soumis aux lois et règlements applicables aux sociétés anonymes, aux établissements de crédit spécialisés et en particulier aux sociétés de financement de l'habitat.</p> <p>Le siège social de l'Émetteur se trouve 232, rue du Général Paulet - B.P. 103 - 29802 Brest Cedex 9 - France.</p>
<b>B.4b</b>	<b>Description de toutes les tendances connues ayant des répercussions sur l'Émetteur et sur ses secteurs d'activité</b>	Les régulateurs et législateurs français et européens peuvent, à tout moment, mettre en œuvre des mesures nouvelles ou différentes susceptibles d'avoir un impact significatif sur l'Émetteur et/ou sur le système financier en général. À cet égard, la proposition de la Commission européenne du 12 mars 2018 relative à une directive sur les obligations sécurisées fixe les conditions que ces obligations doivent respecter pour être reconnues en vertu du droit de l'Union européenne. Elle renforce également la protection des investisseurs en imposant des devoirs de surveillance spécifiques. La proposition de directive est complétée par une proposition de règlement modifiant le règlement (UE) n° 575/2013 du 26 juin 2013 concernant les exigences prudentielles applicables aux établissements de crédit et aux entreprises d'investissement.
<b>B.5</b>	<b>Description du Groupe de l'Émetteur et de la position de l'Émetteur au sein du Groupe</b>	<p>L'Émetteur est la société de financement de l'habitat du Groupe Crédit Mutuel Arkéa, et émet à ce titre des obligations de financement de l'habitat.</p> <p>Le Groupe Crédit Mutuel Arkéa se compose de Crédit Mutuel Arkéa (société anonyme coopérative de crédit à capital variable), des entités de Crédit Mutuel (chacune, une « <b>Entité de Crédit Mutuel</b> ») et les autres entités (en ce compris des entités belges) (chacune, une « <b>Autre Entité</b> ») ainsi que de leurs filiales respectives consolidées directes ou indirectes.</p> <p>On entend par « Entité de Crédit Mutuel » toute Caisse de Crédit Mutuel (au sens des articles L. 512-55 et suivants du Code monétaire et financier), qui est affiliée soit à la Fédération de Crédit Mutuel de Bretagne, soit à la Fédération de Crédit Mutuel du Sud-Ouest soit à la Fédération de Crédit Mutuel Massif Central.</p> <p>On entend par « Autre Entité » tout garant (le « <b>Garant</b> ») contrôlé par Crédit Mutuel Arkéa, au sens de l'article L. 233-3 du Code de commerce et qui n'est pas une Entité de Crédit Mutuel.</p> <p>Deuxième pôle régional du crédit mutuel français, Crédit Mutuel Arkéa réunit les fédérations de Crédit Mutuel de Bretagne, de Crédit Mutuel du Sud-Ouest et de Crédit Mutuel Massif Central ainsi qu'une vingtaine de filiales spécialisées.</p>

		<p>L'Émetteur est une filiale de Crédit Mutuel Arkéa qui détient 99.9% du capital social.</p> <p>Le Conseil d'administration du Crédit Mutuel Arkéa, qui s'est tenu le 17 janvier 2018, a donné mandat aux dirigeants du Groupe Crédit Mutuel Arkéa d'engager toute action permettant au Crédit Mutuel Arkéa de devenir un groupe coopératif et territorial, aux valeurs mutualistes, indépendant du reste du Crédit Mutuel. 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. 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 % de ces caisses locales se sont prononcées en faveur de l'indépendance pour Crédit Mutuel Arkéa qui deviendra ainsi un groupe coopératif et territorial, aux valeurs mutualistes, indépendant du reste du Crédit Mutuel.</p> <p>Le Groupe Crédit Mutuel Arkéa va désormais engager la mise en œuvre opérationnelle de sa désaffiliation unilatérale. Le Conseil d'administration de Crédit Mutuel Arkéa, en date du 29 juin 2018, a approuvé le schéma d'organisation cible du futur groupe indépendant et a appelé les caisses locales à se prononcer à compter de l'automne 2018 sur la mise en œuvre de ce schéma. Il a par ailleurs été décidé que Crédit Mutuel Arkéa exercera ses activités sous une autre dénomination sociale que « Crédit Mutuel ».</p> <p>Concernant plus précisément les caisses locales adhérentes de la fédération du Crédit Mutuel Massif Central, il est rappelé que lors du Conseil d'administration de Crédit Mutuel Arkéa en date du 17 janvier 2018, le Groupe Crédit Mutuel Arkéa a invité les Caisses Locales des trois fédérations (Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central) à engager une consultation relative au projet d'indépendance du Groupe Crédit Mutuel Arkéa. Le Conseil d'administration de la fédération du Crédit Mutuel Massif Central s'est opposé au principe d'une consultation des Conseils d'administration des Caisses Locales de son périmètre. Toutefois, la consultation a été engagée par 6 des 30 Caisses Locales adhérentes de la fédération du Crédit Mutuel Massif Central.</p> <p>S'agissant du processus de convergence des caisses locales adhérentes de la fédération du Crédit Mutuel Massif Central 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 Crédit Mutuel Massif Central vers la CFCM. Les organes de gouvernance de la fédération et de la caisse régionale du Crédit Mutuel Massif Central en date du 29 juin 2018 ont approuvé le processus de convergence. A la date du présent Prospectus de Base, l'activité bancaire de chacune des trente Caisses locales du Crédit Mutuel Massif Central est exercée via l'agrément collectif de Crédit Mutuel Arkéa en qualité d'établissement de crédit.</p> <p><u>Schéma cible d'organisation du Groupe Crédit Mutuel Arkéa</u></p>
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		<p style="text-align: center;"><b>Sociétaires</b></p> 																														
<b>B.9</b>	<b>Prévisions ou estimations du bénéfice</b>	Sans objet. L'Émetteur ne fournit aucune prévision ni estimation de son bénéfice.																														
<b>B.10</b>	<b>Réserves formulées dans le rapport d'audit</b>	Sans objet. Il n'existe aucune réserve dans tout rapport d'audit éventuel relatif aux informations financières historiques mentionnées dans le Prospectus de Base.																														
<b>B.12</b>	<b>Sélection d'informations financières historiques clés</b>	<p><u>Données financières annuelles comparées (en milliers d'euros)</u></p> <table border="1" data-bbox="523 1234 1471 1742"> <thead> <tr> <th><b>Compte de résultat</b></th> <th>31/12/2017</th> <th>31/12/2016</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td>2.320</td> <td>2.285</td> </tr> <tr> <td>Résultat brut d'exploitation</td> <td>627</td> <td>642</td> </tr> <tr> <td>Résultat net</td> <td>208</td> <td>208</td> </tr> <tr> <td colspan="3"><b>Bilan</b></td> </tr> <tr> <td>Total du bilan consolidé</td> <td>5.179.877</td> <td>4.683.157</td> </tr> <tr> <td>Fonds propres</td> <td>42.397</td> <td>42.349</td> </tr> <tr> <td>Titres de créance</td> <td>5.104.479</td> <td>4.607.288</td> </tr> </tbody> </table> <p><u>Données financières semestrielles comparées (en milliers d'euros)</u></p> <table border="1" data-bbox="523 1868 1471 1986"> <thead> <tr> <th><b>Compte de résultat</b></th> <th>30/06/2018</th> <th>30/06/2017</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td>1.300</td> <td>1.108</td> </tr> </tbody> </table>	<b>Compte de résultat</b>	31/12/2017	31/12/2016	Produit net bancaire	2.320	2.285	Résultat brut d'exploitation	627	642	Résultat net	208	208	<b>Bilan</b>			Total du bilan consolidé	5.179.877	4.683.157	Fonds propres	42.397	42.349	Titres de créance	5.104.479	4.607.288	<b>Compte de résultat</b>	30/06/2018	30/06/2017	Produit net bancaire	1.300	1.108
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		Résultat brut d'exploitation	337	356
		Résultat net	138	139
		<b>Bilan</b>		
		Total du bilan consolidé	6.206.722	4.655.424
		Fonds propres	42.374	42.327
		Titres de créance	6.133.362	4.583.090
		<p>À la connaissance de l'Émetteur, aucun changement défavorable significatif influant sur ses perspectives d'activité n'a eu lieu depuis la date des derniers états financiers au 31 décembre 2017, et il n'est survenu aucun changement significatif dans la situation financière et commerciale de l'Émetteur depuis le 30 juin 2018.</p>		
<b>B.13</b>	<b>Événements récents relatifs à l'Émetteur et présentant un intérêt significatif pour l'évaluation de sa solvabilité</b>	Non Applicable. À la date du présent Prospectus de Base, et à la connaissance de l'Émetteur, aucun événement récent n'est susceptible d'avoir eu un effet significatif sur l'évaluation de sa solvabilité depuis le 30 juin 2018.		
<b>B.14</b>	<b>Dépendance de l'Émetteur vis-à-vis d'autres entités du Groupe</b>	<p>Se reporter également aux informations fournies au point B.5 <i>supra</i>.</p> <p>L'Émetteur dépend de tierces parties ayant accepté d'exercer des prestations de services pour son compte. En particulier, l'Émetteur dépend de Crédit Mutuel Arkéa ou de ses sociétés affiliées (ou de celles qui leur succéderaient) pour les activités suivantes :</p> <ul style="list-style-type: none"> <li>- la gestion de ses opérations conformément aux dispositions de l'article L. 513-15 du Code monétaire et financier ;</li> <li>- la gestion de ses risques ;</li> <li>- le montage et le contrôle des prêts à l'habitat qu'il accorde en tant qu'Emprunteur de titres sécurisés (tel que défini <i>infra</i> au point B.15) ;</li> <li>- la couverture de ses engagements au titre des Obligations Sécurisées ;</li> <li>- l'apport de liquidités ;</li> <li>- l'ouverture et le fonctionnement de certains de ses comptes bancaires.</li> </ul> <p>Sans préjudice de la Garantie de l'Emprunteur, l'Émetteur est également exposé au risque de crédit de Crédit Mutuel Arkéa en tant qu'Emprunteur, au titre des Avances à l'Emprunteur consenties par l'Émetteur.</p>		
<b>B.15</b>	<b>Principales activités de l'Émetteur</b>	L'unique objet commercial de l'Émetteur, tel qu'énoncé à l'article 2 de ses statuts, consiste à financer des prêts à l'habitat (les « <b>Prêts à l'Habitat</b> ») et d'autres actifs financiers entrant dans le cadre juridique des sociétés de		

		<p>financement de l'habitat. Afin de financer de telles opérations, l'Émetteur peut procéder à l'émission d'obligations dites « obligations de financement de l'habitat », et profiter ainsi du privilège prévu à l'article L. 513-11 du Code monétaire et financier (ou contracter d'autres formes d'emprunts bénéficiant de ce privilège), mais aussi émettre des obligations ordinaires ou faire appel à d'autres sources de financement ne bénéficiant pas dudit privilège.</p> <p>À la date du présent Prospectus de Base, l'unique activité de l'Émetteur consiste à émettre de temps à autre des Obligations Sécurisées bénéficiant de ce privilège, et à consacrer le produit de ces émissions au financement d'avances (les « <b>Avances à l'Emprunteur</b> »), en tant que prêteur (agissant à ce titre, le « <b>Prêteur</b> ») auprès de Crédit Mutuel Arkéa, en tant qu'emprunteur (agissant à ce titre, l'« <b>Emprunteur</b> ») dans le cadre d'une convention de crédit (la « <b>Convention de Crédit</b> »), lesdites Avances à l'Emprunteur étant totalement sécurisées, par les Garants, y compris l'Emprunteur, par la remise en garantie financière à titre de sûreté (la « <b>Garantie Financière</b> »), en faveur de l'Émetteur, de créances à recevoir sur les Prêts à l'Habitat conformément aux articles L. 211-36 à L. 211-40 du Code monétaire et financier (la « <b>Garantie de l'Emprunteur</b> ») et aux dispositions de la convention de garantie (la « <b>Convention de Garantie</b> »).</p>
<b>B.16</b>	<b>Entité(s) ou personne(s) détenant ou contrôlant directement ou indirectement l'Émetteur</b>	À la date du présent Prospectus de Base, le capital de l'Émetteur est détenu à 99,9 % par Crédit Mutuel Arkéa.
<b>B.17</b>	<b>Notation accordée à l'Émetteur ou à ses titres de créance</b>	<p>[A l'émission, il est prévu que les Obligations Sécurisées émises dans le cadre du Programme soient notées AAA par S&amp;P Global Ratings et Aaa par Moody's Investors Services Ltd (ensemble, les « <b>Agences de Notation</b> »).</p> <p>La notation des Obligations Sécurisées sera précisée dans les Conditions Définitives applicables.</p> <p>À la date du présent Prospectus de Base, les Agences de Notation étaient établies dans l'Union Européenne et immatriculées conformément au Règlement (UE) n°1060/2009, tel que modifié, et inscrites sur la liste des agences de notation publiée par l'Autorité Européenne des Marchés Financiers sur son site internet (<a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a>). Une notation ne constitue aucunement une recommandation d'acheter, de vendre ou de détenir des titres et peut faire l'objet à tout moment d'une suspension, d'un changement ou d'un retrait par l'agence de notation qui l'a attribuée.]<sup>11</sup></p> <p>[Sans objet. Les Obligations Sécurisées à émettre ne seront pas notées.]/[Les Obligations Sécurisées à émettre [sont/devraient être] notées [●] par [●].]</p>

<sup>11</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

<i>Section C – Titres concernés par le Programme</i>		
<b>C.1</b>	<b>Nature, catégorie et numéro d'identification des Obligations Sécurisées</b>	<p><b>[Description des Obligations Sécurisées]</b> Les Obligations Sécurisées peuvent être émises sur une base syndiquée ou non syndiquée.</p> <p>Les Obligations Sécurisées seront émises par souches (chacune une « <b>Souche</b> »), ayant une ou plusieurs dates d'émissions, les autres modalités étant communes à toutes. Chaque Souche pourra être émise par tranches (chacune une « <b>Tranche</b> »), ayant la même date d'émission ou des dates d'émission différentes. Les conditions particulières applicables à chaque Tranche seront indiquées dans les Conditions Définitives applicables.</p> <p><b>Numéro d'identification des Obligations Sécurisées de Droit français</b> Le code ISIN des Obligations Sécurisées de Droit français sera précisé dans les Conditions Définitives applicables.]<sup>12</sup></p> <p><b>Nature et catégorie des Obligations Sécurisées</b> [Les Obligations Sécurisées seront émises sur une base [syndiquée / non syndiquée], sous la Souche n° [●], Tranche n° [●].]</p> <p>Les Obligations Sécurisées seront émises sous forme [dématérialisée/matérialisée].</p> <p><b>Numéro d'identification des Obligations Sécurisées de Droit français</b> Le numéro d'identification des Obligations Sécurisées de Droit français à émettre (code ISIN) est : [●].</p> <p>Le code commun des Obligations Sécurisées de Droit français à émettre est : [●].</p>
<b>C.2</b>	<b>Devise</b>	<p>[Sous réserve du respect de toutes les lois, réglementations et directives applicables, les Obligations Sécurisées pourront être émises en euros, en dollars des États-Unis, en yens, en francs suisses et, sous condition préalable d'une Confirmation de la Notation, dans toute autre devise convenue entre l'Émetteur et le ou les agent (s) placeur(s) compétent(s).</p> <p>On entend par « <b>Confirmation de la Notation</b> », pour toute action, décision ou nomination spécifique, et sous réserve de mention contraire dans le présent document et/ou dans tout autre document du Programme, la notification par l'Émetteur (ou par le Représentant compétent) aux Agences de Notation concernées, si tant est qu'elles notent au moins certaines Obligations Sécurisées, d'une telle action, décision ou nomination, sans que cela n'entraîne de révision en baisse, ni de retrait, de la notation déjà attribuée aux Obligations Sécurisées.]<sup>13</sup></p> <p>La monnaie d'émission est : [●].</p>

<sup>12</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

<sup>13</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

C.5	<b>Restrictions relatives à la libre négociabilité</b>	Sans objet. Il n'y a pas de restriction à la libre négociabilité des Obligations Sécurisées (sous réserve de l'application de restrictions de vente dans certains pays ou territoires).
C.8	<b>Description des droits attachés aux Obligations Sécurisées et restriction à ces droits</b>	<p><b>[Statut des Obligations Sécurisées</b>  Sous réserve des Ordres de Paiement Prioritaires tels que définis <i>infra</i>, les Obligations Sécurisées et, le cas échéant, tout coupon d'intérêt rattaché à ces dernières (les « <b>Coupons</b> ») constitueront des obligations directes, inconditionnelles, non subordonnées et privilégiées de l'Émetteur et auront toutes le même rang entre elles, sans préférences des unes sur les autres. Les Obligations Sécurisées seront émises conformément aux articles L. 513-28 à L. 513-32 du Code monétaire et financier. Tout porteur d'Obligations Sécurisées (un « <b>Porteur</b> ») bénéficie du privilège (droit de remboursement prioritaire) sur tous les actifs et revenus de l'Émetteur prévu à l'article L. 513-11 du Code monétaire et financier.</p> <p><b>Maintien des Obligations Sécurisées à leur rang</b>  Sauf mention contraire des documents du Programme, l'Émetteur ne créera, ni ne laissera subsister aucun privilège, hypothèque, charge, nantissement ou autre forme de sûreté réelle sur aucun de ses actifs ou revenus, présents ou futurs, à des fins de garantie de l'Engagement Concerné (tel que défini <i>infra</i>) de l'Émetteur, ou garanti par ce dernier ;</p> <p>étant entendu que l'« <b>Engagement Concerné</b> » désigne (i) tout endettement présent ou futur au titre de l'emprunt de fonds et (ii) tout engagement présent ou futur lié à des transactions sur des contrats d'échange de taux d'intérêt ou de devises.</p> <p><b>Cas de défaut</b>  Dans le respect du cadre juridique applicable aux sociétés de financement de l'habitat, à la survenance d'un Cas de Défaut de l'Émetteur sur toute Souche d'Obligations Sécurisées, le Représentant (tel que défini <i>infra</i> au point C.9) (i) pourra, à sa discrétion, ou (ii) devra, si la Majorité des Porteurs lui en font la demande, ou si un tel Cas de Défaut de l'Émetteur constitue un Cas d'Exigibilité Croisée des Obligations Sécurisées, et en informant par écrit (constituant un « <b>Avis de Mesure d'Exécution Envers l'Émetteur</b> ») l'Agent Financier et l'Émetteur (avec copie à l'administrateur central et aux Agences de Notation) avant la régularisation de tous les défauts, déclarer exigible et dû le principal de toutes les Obligations Sécurisées (sous réserve toutefois de l'Ordre de Paiement Prioritaires tel que défini <i>infra</i>), augmenté des intérêts courus, à la date de réception d'un tel avis de paiement par l'Agent Financier.</p> <p>Aux fins du présent paragraphe :</p> <p>Constitue un "<b>Cas de Défaut de l'Émetteur</b>" chacun des événements décrits ci-après :</p> <ul style="list-style-type: none"> <li>(a) à tout moment pertinent suite à la notification d'un avis de mesure d'exécution envers l'emprunteur, en cas de défaillance du test d'amortissement ; ou</li> <li>(b) l'Émetteur se trouve dans l'incapacité de rembourser le principal de toute Obligation Sécurisée, ou les intérêts qui s'y rapportent, à la date d'échéance et d'exigibilité, à moins que cette incapacité ne résulte d'un défaut ou d'une erreur technique et sous réserve que le paiement</li> </ul>

		<p>ait lieu dans les trois (3) Jours Ouvrables suivant la date d'exigibilité ; ou</p> <p>(c) l'Émetteur se trouve dans l'incapacité de réaliser ou d'honorer tout autre engagement significatif qu'il aurait contracté au titre de toute Obligation Sécurisée, et cette incapacité n'a pas été résolue dans les trente (30) jours calendaires suivant la réception par l'Agent Financier (avec copie à l'Émetteur et, le cas échéant, au contrôleur spécifique compétent) de l'avis écrit d'une telle incapacité par (i) le Représentant, pour les Obligations Sécurisées de Droit français ou par (ii) un Porteur, pour les Obligations Sécurisées de Droit allemand, exigeant la résolution de cette incapacité et mentionnant la possibilité d'invoquer la présente disposition en l'absence de résolution ; ou</p> <p>(d) tout autre engagement financier présent ou futur de l'Émetteur (y compris toute Obligation sécurisée de toute autre Souche, parmi lesquelles les Obligations Sécurisées de Droit allemand) devient, ou est susceptible de devenir, exigible et dû avant son échéance prévue en conséquence d'un défaut de paiement sur de tels engagements, ou si toute dette de ce type n'est pas remboursée à la date prévue ou, selon le cas, dans le délai de grâce applicable (un « <b>Cas d'Exigibilité Croisée des Obligations Sécurisées</b> ») ; ou</p> <p>(e) la demande ou l'adoption d'une décision suivie d'effet visant à la liquidation ou à la dissolution de l'Émetteur (sauf si cette liquidation ou dissolution a lieu à des fins de restructuration, d'absorption, de fusion ou suite au transfert de tout ou d'une grande partie des actifs de l'Émetteur, et dont les conditions auraient été préalablement approuvées par la Majorité des Porteurs de toutes les Souches d'Obligations Sécurisées en circulation (y compris de Droit allemand) ou, le cas échéant, de tout Coupon qui leur serait rattaché, ladite liquidation ou dissolution ayant fait l'objet préalablement d'une Confirmation de la Notation) ; ou</p> <p>(f) l'Émetteur propose, de quelque manière que ce soit, un moratorium général de sa dette ou entame ou fait l'objet d'une procédure d'insolvabilité ou d'une procédure collective conformément au Livre VI du Code de commerce français, étant entendu que si l'Émetteur demande la nomination d'un mandataire <i>ad hoc</i> ou entame une procédure de conciliation, ou s'il fait l'objet d'une telle demande à travers ses principaux créanciers, la situation ne constituera pas un cas de défaut conformément au nouvel article L. 611-16 du Code de commerce. En vertu de ce nouvel article L. 611-16 du Code de commerce, toute disposition contractuelle contraire sera réputée nulle et de nul effet ; ou</p> <p>(g) l'Émetteur cesse d'exercer tout ou une grande partie de son activité (sauf en cas de cessation d'activité à des fins de restructuration, d'absorption, de fusion ou suite au transfert de tout ou d'une grande partie des actifs de l'Émetteur, et dont les conditions auraient été préalablement approuvées par la Majorité des Porteurs de toutes les Souches d'Obligations Sécurisées en circulation (y compris de Droit allemand) ou, le cas échéant de tout Coupon qui leur serait rattaché, ladite liquidation ou dissolution ayant fait l'objet préalablement d'une Confirmation de la Notation) ; ou</p> <p>On entend par « <b>Majorité des Porteurs</b> » :</p>
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		<p>(i) concernant toute Souche d'Obligations Sécurisées de Droit français, une résolution de l'Assemblée Générale (telle que définie <i>infra</i> au point C.9) portant sur une telle Souche ; et</p> <p>(ii) concernant toute Souche d'Obligations Sécurisées de Droit allemand, l'approbation d'au moins un Porteur d'Obligations Sécurisées de Droit allemand représentant au moins les deux tiers (2/3) du principal desdites Obligations Sécurisées de Droit allemand en circulation à ce moment.</p> <p>« <b>Ordres de Paiement Prioritaires</b> » signifie que les paiements aux Porteurs par l'Émetteur sont soumis aux ordres de paiement prioritaires applicables à ce dernier.</p> <p><b>Restriction aux droits</b> Les Obligations Sécurisées pourront faire l'objet d'un remboursement avant la date d'échéance, pour des raisons fiscales, en cas d'illégalité ou au gré de l'Émetteur. Se reporter également aux informations fournies au point C.9 <i>infra</i>. Les actions intentées à l'encontre de l'Émetteur relatives à tout montant du au titre des Obligations Sécurisées et des Coupons seront prescrites et annulées à moins d'être diligentées dans un délai de dix (10) ans (pour le principal) ou de cinq (5) ans (pour les intérêts) à partir de la Date de Référence concernée.</p> <p><b>Émissions assimilables</b> De temps à autre, et sans l'approbation des Porteurs ou des porteurs de Coupons, l'Émetteur pourra créer et émettre de nouvelles Obligations Sécurisées assimilables aux Obligations Sécurisées existantes sous réserve que toutes ces Obligations Sécurisées s'accompagnent des mêmes droits à tous égards (sous réserve, éventuellement, d'une différence quant au montant de leur principal et à leur premier paiement d'intérêts, tels que spécifiés dans les Conditions Définitives applicables), et que les conditions applicables à ces Obligations Sécurisées prévoient une telle assimilation.</p> <p><b>Droit applicable</b> Droit français ou Droit allemand]<sup>14</sup></p> <p><b>Prix d'émission</b> Le prix d'émission des Obligations Sécurisées s'élève à [●] % du Montant Nominal Total [plus un montant correspondant aux intérêts courus à compter du [●] (s'il y a lieu)].</p> <p>Valeur Nominale Spécifique : [●]</p>
C.9	<b>Intérêts, échéance et modalités de remboursement, rendement et représentation des Porteurs</b>	<p>[Se reporter également aux informations fournies au point C.8 <i>supra</i>.</p> <p><b>Taux d'intérêt nominal</b> Les Obligations Sécurisées pourront ou non donner droit à la perception d'intérêts. Les intérêts perçus le cas échéant pourront être à taux fixe ou variable, ou encore à un taux qui varie pendant la durée de la tranche concernée. A moins qu'un taux d'intérêt minimum plus élevé ne soit spécifié dans les</p>

<sup>14</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

	<p>Conditions Définitives applicables, le taux d'intérêt minimum, soit le taux d'intérêt pertinent plus toute marge concernée, sera réputé être égal à zéro.</p> <p><b><i>Date d'entrée en jouissance et date d'échéance des intérêts</i></b> Ces dates seront stipulées dans les Conditions Définitives applicables.</p> <p><b><i>Description du sous-jacent sur lequel est calculé le taux si celui-ci n'est pas fixe</i></b> Sans objet ; les intérêts, le cas échéant, seront à taux fixe, ou à taux variable ou à un taux qui varie pendant la durée de la Tranche concernée.</p> <p><b><i>Date d'échéance et modalités d'amortissement de l'émission, y compris procédures de remboursement</i></b> Sous réserve du respect de toutes les lois, réglementations et directives applicables, les Obligations Sécurisées pourront être émises pour toute échéance telle que spécifiée dans les Conditions Définitives (la « <b>Date d'Échéance Finale</b> »), sous réserve de la durée minimum éventuellement requise par les dispositions légales et/ou réglementaires applicables.</p> <p>Une date d'échéance finale prolongée (la « <b>Date d'Échéance Finale Prolongée</b> ») pourra être spécifiée dans les Conditions Définitives applicables à la Souche d'Obligations Sécurisées concernée, conformément aux Conditions applicables, chacune des Obligations Sécurisées concernée étant alors qualifiée d'« <b>Obligation Sécurisée à Date de Maturité Extensible</b> ».</p> <p><b><i>Remboursement à la date d'échéance</i></b> Sous réserve des lois et règlements applicables de temps à autre, les Conditions Définitives applicables définiront la base de calcul du montant des remboursements dus sur la base des Conditions applicables (le « <b>Montant de Remboursement Final</b> »).</p> <p><b><i>Remboursement optionnel</i></b> Les Conditions Définitives relatives à chaque émission d'Obligations Sécurisées indiqueront si celles-ci peuvent être remboursées (en totalité ou en partie) avant la date d'échéance prévue au gré de l'Émetteur et/ou des Porteurs et, si tel est le cas, quelles sont les modalités applicables à ce remboursement, conformément aux dispositions des Conditions applicables. Dans un tel cas, les Obligations Sécurisées seront remboursées au montant de remboursement optionnel (le « <b>Montant de Remboursement Optionnel</b> »).</p> <p>(i) <b>Obligations Sécurisées Coupon Zéro</b> Le Montant de Remboursement Optionnel sera le montant nominal amorti (le « <b>Montant Nominal Amorti</b> » des Obligations Sécurisées. Où: Le Montant Nominal Amorti sera le Montant de Remboursement Final, tel que prévu, des Obligations Sécurisées à la Date d'Échéance Finale (ou la Date d'Échéance Finale Prolongée, s'il y en a une) actualisés à un taux annuel égal au rendement d'amortissement composé annuellement.</p> <p>(ii) <b>Autres Obligations Sécurisées</b> Le Montant de Remboursement Optionnel payable pour chaque Obligation Sécurisée sera déterminé sur la base suivante : Montant de Remboursement Optionnel = Y x Valeur Nominal Spécifique Où : « Y » signifie le ratio exprimé en pourcentage tel que spécifié dans les</p>
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	<p>Conditions Définitives applicables.</p> <p><i>Remboursement anticipé</i>          Sous réserve des dispositions du paragraphe « Remboursement optionnel » <i>supra</i>, les Obligations Sécurisées ne pourront faire l'objet, au gré de l'Émetteur, d'un remboursement avant la date d'échéance prévue que pour des raisons fiscales ou en cas d'illégalité. Dans un tel cas, les Obligations Sécurisées seront remboursées au montant de remboursement optionnel (le « <b>Montant de Remboursement Anticipé</b> »).</p> <p>(i) Obligations Sécurisées Coupon Zéro          Le Montant de Remboursement Anticipé sera le montant nominal amorti (le « <b>Montant Nominal Amorti</b> » des Obligations Sécurisées.          Où:          Le Montant Nominal Amorti sera le Montant de Remboursement Final, tel que prévu, des Obligations Sécurisées à la Date d'Échéance Finale (ou la Date d'Échéance Finale Prolongée, s'il y en a une) actualisés à un taux annuel égal au taux de rendement calculé annuellement.</p> <p>(ii) Autres Obligations Sécurisées          Le Montant de Remboursement Anticipé payable pour chaque Obligation Sécurisée sera le Montant de Remboursement Final avec les intérêts courus jusqu'à la date déterminée pour le remboursement.</p> <p><b>Rendement</b>          Le rendement des Obligations Sécurisées à Taux Fixe sera précisé dans les Conditions Définitives applicables, cette mention ne constituant aucunement une indication de rendement futur.</p> <p><b>Représentants des Porteurs de Droit français</b>          Les Porteurs de Droit français seront groupés automatiquement, au titre de toutes les Tranches d'une même Souche, pour la défense de leurs intérêts communs en une masse (la « <b>Masse</b> ») et les dispositions du Code de commerce relatives à la Masse s'appliqueront.</p> <p>La Masse agira en partie par l'intermédiaire d'un représentant (le « <b>Représentant</b> ») et en partie par l'intermédiaire de décisions collectives des Porteurs de Droit français adoptées soit en assemblée générale (l'« <b>Assemblée Générale</b> ») ou par un accord unanime à la suite d'une consultation écrite (la « <b>Décision Unanime Écrite</b> »).</p> <p>Sous réserve des dispositions prévues dans les Conditions Définitives applicables, les noms et adresses du Représentant initial sont : DIIS GROUP, 12, rue Vivienne 75002 Paris. Le Représentant désigné au titre de la première Tranche de toute Souche sera le représentant de la Masse unique de toutes les autres Tranches de cette Souche.<sup>15</sup></p> <p><b>Taux d'intérêt nominal</b>          [À spécifier : Taux Fixe ; Taux Variable ; Taux Fixe/Variable ; Coupon Zéro].          [Si Taux Fixe :          Taux d'Intérêt : [ ● ]% par an]</p>
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<sup>15</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

		<p>[Si Taux Variable : Base d'Intérêt : [ ● ] Marge : [Sans objet]/[À spécifier] Détermination : [sur la base d'un taux variable applicable à une opération d'échange de taux d'intérêt notionnel conformément à un contrat incluant les définitions ISDA]/[par référence à un indice de référence publié sur une page, avec les dispositions de repli en cas d'événement relatif à un indice de référence ou à un administrateur d'indice de référence] Taux d'intérêt maximal ou minimal : [Sans objet]/[À spécifier]]</p> <p>[Si Taux Fixe/Variable : Date de Changement de Base d'Intérêt : [ ● ]]</p> <p>[Si Coupon Zéro : Les Obligations Sécurisées Coupon Zéro sont émises [au pair / [à spécifier si au-dessous du pair]] et ne porteront pas intérêt.]</p> <p><b><i>Date d'entrée en jouissance et date d'échéance des intérêts</i></b> La date d'entrée en jouissance est le [ ● ]. La date d'échéance des intérêts est le [ ● ].</p> <p><b><i>Date d'échéance et modalités d'amortissement de l'émission, y compris procédures de remboursement</i></b> La Date d'Échéance Finale des Obligations Sécurisées est le [ ● ]. [La Date d'Échéance Finale Prolongée des Obligations Sécurisées est le [ ● ]].</p> <p><b><i>Remboursement à la date d'échéance</i></b> Sous réserve de tout rachat et annulation ou remboursement anticipé, les Obligations Sécurisées seront remboursés à la Date d'Échéance Finale [ou la Date d'Échéance Finale Prolongée, le cas échéant] à 100% de leur valeur nominale.</p> <p><b><i>Remboursement Optionnel</i></b> [Option de remboursement au gré des Porteurs/Option de remboursement au gré de l'Émetteur]</p> <p><b><i>Remboursement Anticipé</i></b> [Obligations Sécurisées Coupon Zéro/Autres Obligations Sécurisées]/[Sans objet. Les Obligations Sécurisées seront remboursées à la Date d'Échéance Finale [ou la Date d'Échéance Finale Prolongée, le cas échéant]]</p> <p><b><i>Rendement (pour les Obligations Sécurisées à Taux Fixe uniquement)</i></b> [Le rendement des Obligations Sécurisées est de [ ● ].]/[Sans objet.]</p> <p><b><i>Représentants des Porteurs de Droit français</i></b> Les Porteurs de Droit français sont groupés automatiquement pour la défense de leurs intérêts communs en une Masse. [Le Représentant initial pour toutes les Souches d'Obligations Sécurisées est : DIIS GROUP, 12, rue Vivienne 75002 Paris.]/[Sans objet]</p>
C.10	<b>Dérivé auquel est lié le paiement des intérêts sur les Obligations Sécurisées</b>	Sans objet. Le paiement des intérêts produits par les Obligations Sécurisées n'est lié à aucun instrument dérivé.

<b>C.11</b>	<b>Cotation et admission à la négociation sur un marché réglementé</b>	<p>[Une demande pourra être présentée pour la cotation des Obligations Sécurisées de Droit français et leur admission aux négociations sur la Bourse de Luxembourg et/ou sur tout autre marché réglementé de l’Espace économique européen conformément à la directive 2003/71/CE telle que modifiée et/ou sur toute autre bourse ou tout autre marché de valeurs, comme indiqué dans les Conditions Définitives applicables. Une Souche d’Obligations Sécurisées de Droit français pourra ne pas être cotée, si les Conditions Définitives applicables le prévoient.</p> <p>Les Obligations Sécurisées de Droit allemand ne seront admises aux négociations ou cotées sur aucune bourse ni aucun autre marché de valeurs.]<sup>16</sup></p> <p>[Sans objet. Aucune demande n'a été faite en vue de la cotation et de l'admission des Obligations Sécurisées de Droit français aux négociations sur un marché réglementé]/[Une demande a été faite]/[Une demande doit être faite] par l'Émetteur (ou au nom et pour le compte de l'Émetteur) en vue de la cotation et de l'admission des Obligations Sécurisées de Droit français aux négociations sur [le marché réglementé de la Bourse de Luxembourg/[ ● ]] à compter de [ ● ].</p>
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<b>Section D – Risques</b>		
<b>D.2</b>	<b>Risques clés propres à l'Émetteur</b>	<p><b><i>Les facteurs de risques liés à l'Émetteur incluent notamment :</i></b></p> <ul style="list-style-type: none"> <li>- l'Émetteur assume la responsabilité exclusive des Obligations Sécurisées ;</li> <li>- l'Émetteur est exposé au risque de modifications législatives et réglementaires qui pourraient affecter son activité ou la valeur de ses actifs ;</li> <li>- l'Émetteur dépend de Crédit Mutuel Arkéa, et toute autre entité du Groupe Crédit Mutuel Arkéa ou de leurs successeurs pour ses opérations et pour administrer les documents du Programme, ainsi que pour le contrôle des actifs affectés à titre de sûretés, pour la couverture de tous risques de taux d'intérêt ou de taux de change entre ses actifs et ses passifs en vertu des Obligations Sécurisées et pour l'apport de liquidités ;</li> <li>- s'il remplace une contrepartie, l'Émetteur est exposé au risque de substitution, c'est-à-dire au risque de retard ou d'impossibilité de nomination d'une entité de substitution dans le délai requis ;</li> <li>- étant donné que certaines contreparties (y compris Crédit Mutuel Arkéa) agissent en plusieurs qualités, l'Émetteur peut être exposé à des conflits d'intérêts ;</li> <li>- les Porteurs sont exposés au risque de modification, de remaniement ou d'amendement des documents du Programme sans leur accord préalable ;</li> <li>- les lois françaises sur les procédures d'insolvabilité et la sauvegarde des</li> </ul>

<sup>16</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

		<p>entreprises en difficulté pourraient limiter la capacité des Porteurs à exercer leurs droits par voie d'exécution forcée en vertu des Obligations Sécurisées ;</p> <ul style="list-style-type: none"> <li>- certains risques peuvent exister en relation avec (i) la transposition de la directive 2014/59/UE établissant un cadre pour le redressement et la résolution des établissements de crédit et des entreprises d'investissement et (ii) l'application du règlement (UE) n°806/2014 établissant des règles et une procédure uniformes pour la résolution des établissements de crédit et de certaines entreprises d'investissement dans le cadre d'un mécanisme de résolution unique et d'un fonds de résolution bancaire unique ;</li> <li>- en cas d'ouverture d'une procédure collective à l'initiative de l'Émetteur, les Porteurs n'auront pas le droit de déclarer l'exigibilité immédiate des Obligations Sécurisées ;</li> <li>- l'Émetteur dispose de ressources limitées pour honorer ses obligations en vertu des Obligations Sécurisées ;</li> <li>- les recours et mesures d'exécution forcée à l'encontre de l'Émetteur sont soumis à des limitations significatives ;</li> <li>- il n'existe aucune garantie de la valeur de marché des investissements permis ;</li> </ul> <p><b><i>Les facteurs de risques liés à l'Emprunteur incluent notamment :</i></b></p> <ul style="list-style-type: none"> <li>- l'Émetteur supporte un risque lié à la capacité de l'Emprunteur à payer conformément à la Convention de Crédit ;</li> <li>- la notation des Obligations Sécurisées peut être affectée par divers facteurs ;</li> <li>- les risques relatifs à la désaffiliation unilatérale de Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel :</li> </ul> <p><b>(i) Le projet de désaffiliation unilatérale et le calendrier prévisionnel</b></p> <p>Le Crédit Mutuel Arkéa est impliqué dans des litiges depuis la fin 2014 avec la CNCM, l'organe central du Crédit Mutuel, portant, notamment, sur des conflits d'intérêts potentiels entre l'organe central et l'un de ses affiliés. Ces litiges concernent pour l'essentiel l'exercice de la supervision administrative, technique et financière par la CNCM ainsi que l'usage du nom "Crédit Mutuel".</p> <p>Cette situation a conduit le Conseil d'administration du Crédit Mutuel Arkéa, qui s'est tenu le 17 janvier 2018, à donner mandat aux dirigeants du Groupe Crédit Mutuel Arkéa d'engager toute action permettant au Crédit Mutuel Arkéa de devenir un groupe bancaire coopératif et mutualiste indépendant du reste du Crédit Mutuel.</p> <p>Les administrateurs des caisses locales et des fédérations du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central ont été invités à voter lors du premier semestre 2018. 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 de</p>
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	<p>l'indépendance pour Crédit Mutuel Arkéa qui deviendra ainsi un groupe coopératif et territorial, aux valeurs mutualistes, indépendant du reste du Crédit Mutuel. Ce vote historique et fondateur, qui engage l'ensemble des parties prenantes, acte de façon définitive la volonté de départ du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel.</p> <p>Le Groupe Crédit Mutuel Arkéa va désormais engager la mise en œuvre opérationnelle de sa désaffiliation unilatérale. Le Conseil d'administration de Crédit Mutuel Arkéa, en date du 29 juin 2018, a approuvé le schéma d'organisation cible du futur groupe indépendant et a appelé les caisses locales à se prononcer à compter de l'automne 2018 sur la mise en œuvre de ce schéma. Il a par ailleurs été décidé que Crédit Mutuel Arkéa exercera ses activités sous une autre dénomination sociale que « Crédit Mutuel ». En tout état de cause, la mise en œuvre opérationnelle de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa reste soumise à l'approbation des caisses locales.</p> <p>A l'issue de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel, les caisses locales deviendraient les Sociétés Coopératives Locales (les « <b>SCL</b> »), conservant leur statut de sociétés coopératives à capital variable et formant avec le Groupe Crédit Mutuel Arkéa (devenu « <b>Groupe Arkéa</b> ») une union de coopératives, en application de la loi n°47-1775 du 10 septembre 1947 portant statut de la coopération (la « <b>Loi de 1947</b> »).</p> <p>L'objet des nouvelles SCL serait recentré sur leur première raison d'être : développer le sociétariat et faciliter l'accès aux services bancaires et financiers. Elles seraient ainsi notamment en charge de la promotion des valeurs coopératives et mutualistes, et de conseil au bénéfice des sociétaires et prospects dans le cadre de leur rayonnement territorial.</p> <p>Pour ce faire, l'ensemble des activités financières réglementées des caisses locales seraient apportées ou cédées au Groupe Arkéa, qui ouvrira corrélativement des agences locales en leur sein. De plus, dans le cadre de cette nouvelle organisation, toutes les opérations de banque et les services d'investissement seraient alors effectués par l'agence locale du Groupe Arkéa, ouverte dans les mêmes locaux que ceux de la SCL.</p> <p>Pour exercer leurs activités d'intermédiation, les SCL pourraient, si besoin, opter pour les statuts d'intermédiaires en opérations de banque et en services de paiement, d'intermédiaires d'assurance et/ou d'agents liés au Groupe Arkéa pour la fourniture de services d'investissement.</p> <p>Chaque SCL pourrait également conseiller l'agence locale du Groupe Arkéa qui lui est rattachée en vue de fournir des services bancaires et financiers adaptés aux sociétaires.</p> <p>Conformément à la Loi de 1947, chaque sociétaire pourrait continuer 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.</p> <p>Les SCL demeureraient les seules détentrices des actions ordinaires de catégorie A émises par Arkéa. En d'autres termes, la gouvernance du Groupe Arkéa reposerait sur l'implication et la participation de chaque SCL.</p> <p>De plus, un pacte d'affiliation entre toutes les SCL et le Groupe Arkéa serait conclu pour une durée de 99 ans en vue de mettre en œuvre des mécanismes de solidarité, d'entraide et de soutien pour favoriser</p>
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	<p>l'accomplissement de la mission primordiale des SCL, à savoir favoriser l'accès à toutes et à tous aux services bancaires et financiers.</p> <p>Des fédérations régionales seraient constituées pour organiser le fonctionnement et la gouvernance des SCL.</p> <p><u>Schéma cible d'organisation du Groupe Crédit Mutuel Arkéa</u> : merci de se référer aux paragraphes B.4b « <i>Tendances connues</i> » et B.5 « <i>Description du Groupe</i> ».</p> <p><b>(ii) Risques relatifs à la complexité du contexte et des risques liés à la désaffiliation du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel</b></p> <p>Le projet de désaffiliation tel qu'envisagé par Crédit Mutuel Arkéa est inédit et particulièrement 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. Par ailleurs, les investisseurs sont invités à prendre la mesure des éventuels enjeux commerciaux liés à la perte de la marque « Crédit Mutuel » et à l'adoption par Crédit Mutuel Arkéa d'une dénomination et de marques commerciales ne reprenant pas les termes « Crédit Mutuel ».</p> <p>Avant toute décision d'investissement, les investisseurs potentiels doivent mener une analyse approfondie du projet de désaffiliation unilatérale, du schéma cible d'organisation du Groupe Crédit Mutuel Arkéa tel que décrit ci-dessus et des incertitudes et risques qui y sont liés, tels que décrits ci-dessous. Les investisseurs doivent notamment examiner attentivement toute l'information incluse dans le présent Prospectus de Base et en particulier, en prenant leur décision d'investissement, les facteurs de risques liés à la modification de l'organisation des principaux acteurs des parts sociales et des risques liés à la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel énumérés dans le présent Prospectus de Base.</p> <p>La mise en œuvre de la désaffiliation du Groupe Crédit Mutuel Arkéa ne modifiera pas sa nature de groupe coopératif et territorial, aux valeurs mutualistes. 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 émergent lors de sa mise en œuvre.</p> <p><b>(iii) Risques relatifs aux caisses locales</b></p> <p><b><i>Incertitudes sur la possibilité pour les caisses locales de poursuivre des émissions de parts sociales par offre au public et perte de l'agrément des caisses locales</i></b></p> <p>La désaffiliation unilatérale des caisses locales de l'ensemble Crédit Mutuel emporterait 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 pourrait être susceptible d'avoir un impact sur leur possibilité d'émettre, pour le futur, des parts sociales par offre au public. Les émissions par offre au public des parts sociales constituent à ce jour une source de financement essentiel pour Crédit Mutuel Arkéa. L'incapacité des caisses locales à</p>
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	<p>poursuivre les émissions par offre au public pourrait avoir des incidences fortes sur sa situation financière si un schéma alternatif n'était pas mis en place. Un schéma d'émission est en cours d'étude avec l'Autorité de Contrôle Prudentiel et de Résolution (l'« <b>ACPR</b> ») et la Banque Centrale Européenne (la « <b>BCE</b> »). Il n'existe aucune certitude sur le fait que le schéma proposé soit accepté par les autorités.</p> <p>L'analyse réalisée par Crédit Mutuel Arkéa de la mise en œuvre de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel a confirmé que les parts sociales A, B et C émises par les caisses locales à ce jour ne seraient pas affectées.</p> <p>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 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.</p> <p>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.</p> <p><b><i>Risque lié au sort des caisses locales ayant voté contre le projet de désaffiliation unilatérale</i></b></p> <p>Les caisses locales ayant voté contre la désaffiliation unilatérale de l'ensemble Crédit Mutuel, ou n'ayant pas souhaité participer au vote, pourront ne pas faire partie de cette nouvelle organisation. Elles pourraient rester rattachées au Crédit Mutuel, selon une organisation qui reste à définir par l'ensemble Crédit Mutuel. Toutefois, les résultats du vote 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 unilatérale vis-à-vis de l'ensemble Crédit Mutuel. Le vote de chaque caisse locale du premier semestre 2018 étant un vote d'orientation, chaque caisse locale sera appelée à se prononcer sur la phase de mise en œuvre de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa.</p> <p>Les caisses locales qui choisiront de voter contre la désaffiliation unilatérale devront se rattacher à l'ensemble Crédit Mutuel 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. Ces caisses locales se verront remboursées des actions ordinaires de catégorie A qu'elles détiennent dans le capital social de Crédit Mutuel Arkéa.</p> <p>Concernant plus précisément les caisses locales adhérentes de la fédération du Crédit Mutuel Massif Central, il est rappelé que lors du Conseil d'administration de Crédit Mutuel Arkéa en date du 17 janvier 2018, le Groupe Crédit Mutuel Arkéa a invité les caisses locales des trois fédérations (Crédit Mutuel Bretagne, du Sud-Ouest et du Massif Central) à engager une consultation relative au projet d'indépendance du Groupe Crédit Mutuel Arkéa. Le Conseil d'administration de la fédération du Crédit Mutuel Massif Central s'est opposé au principe d'une consultation des Conseils d'administration des caisses locales de son périmètre. Toutefois, la consultation a été engagée par 6 des 30 caisses locales adhérentes de la fédération du Crédit Mutuel Massif Central.</p>
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	<p><b><i>Risques liés au vote définitif des sociétaires</i></b></p> <p>La réalisation de la mise en œuvre opérationnelle de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa reste soumise à l’approbation et au vote des conseils d’administration des caisses locales. Les caisses locales qui voteront pour la désaffiliation de l’ensemble Crédit Mutuel devront convoquer leur assemblée générale extraordinaire afin d’approuver notamment la modification de leurs statuts y afférant. 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 unilatérale vis-à-vis de l’ensemble Crédit Mutuel. Aucune certitude ne peut être apportée sur les résultats des futurs votes des caisses locales.</p> <p><b>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 se résoudre.</b></p> <p><b>(iv) Risques relatifs à Crédit Mutuel Arkéa</b></p> <p>A l’issue de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel dont la CNCM est l’organe central, le Groupe Arkéa serait toujours constitué autour du Groupe Arkéa (actuellement Crédit Mutuel Arkéa) agréée en tant que banque coopérative et supervisée directement par l’ACPR et la BCE.</p> <p><b><i>Risques liés à l’accord des autorités de contrôle</i></b></p> <p>Conformément aux dispositions du Code monétaire et financier, concomitamment à la désaffiliation unilatérale de Crédit Mutuel Arkéa de l’ensemble Crédit Mutuel, la CNCM, en tant qu’organe central, devrait notifier l’ACPR de la désaffiliation unilatérale de Crédit Mutuel Arkéa.</p> <p>La réalisation du projet de désaffiliation unilatérale est soumise à la décision de l’ACPR et de la BCE concernant l’agrément bancaire de Crédit Mutuel Arkéa et des caisses locales qui lui sont rattachées, ces autorités étant amenées à se prononcer lorsque la perte de la qualité de société affiliée sera notifiée à l’ACPR par l’organe central pour chaque entité du Groupe Crédit Mutuel Arkéa conformément à l’article L. 511-31 du Code monétaire et financier. A ce stade, des discussions sont en cours avec chacune de ces autorités, 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.</p> <p><b><i>Risque lié aux calculs prudentiels</i></b></p> <p>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.</p> <p>Au 31 décembre 2017, le risque de crédit est déterminé pour 88 Mds € d'expositions nettes au risque, dont :</p> <ul style="list-style-type: none"> <li>- 58,3 Mds € d'expositions au risque sont évaluées selon une approche notation interne, et</li> <li>- 29,7 Mds € d'expositions au risque sont déjà évaluées selon une</li> </ul>
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	<p>approche standard.</p> <p>Par conséquent, la désaffiliation de l'ensemble Crédit Mutuel pourrait conduire à revoir le mode d'évaluation des risques pondérés pour les 58 Mds € d'expositions au risque actuellement évaluées selon une approche notation interne.</p> <p><b><i>Risques liés aux demandes d'indemnisation de la CNCM</i></b></p> <p>La CNCM a, par ailleurs, publié un communiqué de presse le 19 juin 2018 par lequel elle évoque une indemnisation par le Groupe Crédit Mutuel Arkéa et au sein duquel elle mentionne notamment qu'elle demandera, « sur la base des 3,5 milliards de réserves accumulées du Crédit Mutuel Arkéa et de ses caisses locales, la rétrocession au Groupe Crédit Mutuel du bénéfice de mutualisation créé par la collectivité des clients et sociétaires » et une indemnisation pour les « dommages créés, en particulier la nécessité de redéployer son réseau dans le Sud-Ouest et en Bretagne ». Crédit Mutuel Arkéa considère cette communication comme trompeuse car dénuée de tout fondement juridique, tant concernant les bases de calcul évoquées que sur le principe même d'une indemnisation. A ce jour, le Groupe Crédit Mutuel Arkéa n'a pas été saisi d'une quelconque demande formelle et étayée. Crédit Mutuel Arkéa contestera cette demande si elle venait à être formalisée.</p> <p><b><i>Risques liés à la gouvernance de Crédit Mutuel Arkéa</i></b></p> <p>Par ailleurs, le Conseil d'administration de la CNCM qui s'est tenu le 20 avril 2018 a proposé un nouveau projet de statuts pour la CNCM permettant à celle-ci d'écarter les principaux dirigeants de fédérations régionales. En réaction, l'assemblée générale de Crédit Mutuel Arkéa qui s'est tenue le 16 mai 2018 a adopté la résolution attribuant au Conseil d'administration de Crédit Mutuel Arkéa, à son président et aux dirigeants effectifs de Crédit Mutuel Arkéa un mandat pour prendre la décision, en cas d'agression constatée, de se désaffilier unilatéralement de la CNCM. Ce droit de sortie se traduirait par l'exercice du droit de retrait dont dispose tout adhérent à une association de la loi de 1901 que constitue la CNCM. Cette nouvelle rédaction des statuts a été validée par l'assemblée générale de la CNCM qui s'est tenue le 31 mai 2018 puis approuvée par le Ministre de l'économie et des finances par lettre du 10 juillet 2018.</p> <p><b><i>Risques de contentieux</i></b></p> <p>Lors de la mise en œuvre de la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa de l'ensemble Crédit Mutuel, il existe un risque que la CNCM conteste sur le plan juridique la désaffiliation unilatérale du Groupe Crédit Mutuel Arkéa.</p> <p>Par ailleurs, la mise en œuvre opérationnelle de la désaffiliation du Groupe Crédit Mutuel Arkéa pourrait, notamment au regard du caractère inédit d'une telle désaffiliation, engendrer des contentieux ou divers recours à l'encontre de Crédit Mutuel Arkéa de la part de clients ou de contreparties du Groupe.</p> <p><b><i>Risque lié à la perte de la solidarité interfédérale</i></b></p> <p>Le Crédit Mutuel Arkéa ne bénéficiera plus 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 tel que décrit ci-dessous. Toutefois, il est précisé que le Crédit Mutuel Arkéa dispose de son propre</p>
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		<p>mécanisme de solidarité qui interviendrait en premier ressort.</p> <p>Un pacte d'affiliation entre toutes les SCL et le Groupe Arkéa serait 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 et financiers.</p> <p><b>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 se résoudre</b></p> <p><b><i>Les facteurs de risques liés à la Garantie Financière incluent notamment :</i></b></p> <ul style="list-style-type: none"> <li>- la Garantie Financière portant sur les Prêts à l'Habitat est régie par les dispositions légales françaises qui transposent la directive européenne sur les garanties financières, telle qu'amendée successivement, et ces dispositions légales françaises n'ont pas encore été interprétées par les juridictions français et par les juridictions belges ;</li> <li>- bien que l'établissement et la mise en œuvre de la Garantie Financière ne soient pas soumises à des conditions, il n'existe aucune lignes directrices dans la directive européenne sur les garanties financières, telle qu'amendée successivement, dans le Code monétaire et financier, dans des commentaires légaux ou dans la jurisprudence française sur la manière de satisfaire en pratique à l'exigence de « contrôle » relative aux Prêts à l'Habitat transférés ;</li> <li>- bien qu'il existe des arguments pour considérer que ce risque est atténué s'agissant de l'Émetteur, il existe une incertitude sur la question de savoir si le régime français applicable aux garanties financières protège de certaines nullités de la période suspecte ;</li> <li>- étant donné que les débiteurs, au titre des Prêts à l'Habitat transférés à titre de garantie financière, ne sont notifiés du transfert à titre de garantie de leur Prêt à l'Habitat qu'en cas de réalisation de la Garantie Financière, (i) il existe un risque que les débiteurs puissent valablement effectuer des paiements aux Garants, (ii) il n'existe aucune garantie que la notification interviendra dans les délais requis, et (iii) tant que la notification n'est pas intervenue, l'Émetteur supporte un risque de non-ségrégation des encaissements reçus au titre des Prêts à l'Habitat par les Garants en cas de faillite des Garants ;</li> <li>- en ce qui concerne le Droit français, tant que les débiteurs des Prêts à l'Habitat soumis au Droit français n'auront pas été notifiés du transfert de ces Prêts à l'Habitat en faveur de l'Émetteur, les débiteurs seront en droit d'invoquer la compensation pour dettes connexes et la compensation judiciaire à l'encontre de l'Émetteur et, même après notification, la compensation pour dettes connexes à l'encontre de l'Émetteur ; en ce qui concerne le droit belge, nonobstant le transfert des Prêts à l'Habitat soumis au droit belge au bénéfice de l'Émetteur, aussi longtemps que les débiteurs ne seront pas notifiés d'un tel transfert, ces derniers pourront au titre des Prêts à l'Habitat concernés, et sous certaines conditions, procéder à la compensation desdits Prêts à l'Habitat pour tout demande qu'ils pourraient avoir à l'encontre de l'Émetteur ;</li> <li>- si des conditions spécifiques sont satisfaites au regard de la loi belge, un débiteur peut invoquer l'exception d'inexécution au titre d'un Prêt à l'Habitat soumis au droit belge ce qui pourrait réduire potentiellement</li> </ul>
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		<p>les montants perçus par l'Émetteur pour les Prêts à l'Habitat qui ont fait l'objet d'un transfert valide en sa faveur ;</p> <ul style="list-style-type: none"> <li>- bien qu'il existe des arguments pour considérer que ce risque est atténué s'agissant de l'Émetteur, il existe une incertitude sur la question de savoir si le régime français applicable aux garanties financières protège de la limitation pour garanties disproportionnées prévues par la loi française sur la faillite ;</li> <li>- le défaut de maintenir la valeur de la Garantie Financière portant sur les Prêts à l'Habitat avant réalisation à un montant suffisant pour couvrir les Obligations Sécurisées peut conduire l'Émetteur à ne pas avoir les fonds suffisants pour satisfaire ses obligations de paiement relatives aux Obligations Sécurisées ;</li> </ul> <p><b><i>Les facteurs de risques liés aux Prêts à l'Habitat et à la Garantie incluent notamment :</i></b></p> <ul style="list-style-type: none"> <li>- l'Émetteur supporte un risque de crédit dépendant de la capacité des débiteurs de payer au titre des Prêts à l'Habitat ;</li> <li>- l'Émetteur est exposé au risque de s'appuyer sur les seules investigations, déclarations et garanties des Garants ;</li> <li>- le risque lié à la description limitée des Prêts à l'Habitat ;</li> <li>- l'Émetteur est exposé au risque relatif aux remboursements anticipés du principal au titre des prêts à l'habitat qui peuvent affecter sa capacité d'assurer les paiements au titre des Obligations Sécurisées lors de la mise en œuvre de la Garantie Financière ;</li> <li>- l'Émetteur est exposé aux changements des critères de crédit des Garants ;</li> <li>- la capacité de l'Émetteur à liquider les biens immobiliers bénéficiant d'une hypothèque peut être affectée par la loi française applicable aux hypothèques ;</li> <li>- en ce qui concerne les Prêts à l'Habitat soumis au Droit français, la capacité de l'Émetteur à liquider les biens immobiliers peut être affectée par le cadre légal français applicable l'hypothèque et aux privilèges ;</li> <li>- certains Prêts à l'Habitat soumis au droit belge peuvent soit être garantis en partie seulement par une hypothèque et nécessitent un mandat hypothécaire afin d'être convertis en hypothèque soit être sujets à une promesse hypothécaire de la part du débiteur ;</li> <li>- certains Prêts à l'Habitat soumis au droit belge peuvent être sujets à une hypothèque pour toutes sommes ;</li> <li>- la capacité de l'Émetteur à liquider les biens immobiliers bénéficiant d'une hypothèque peut être affectée par le cadre légal relatif à la saisie immobilière ;</li> <li>- la capacité de l'Émetteur à liquider les biens immobiliers bénéficiant d'une hypothèque peut être affectée par les procédures collectives ouvertes à l'encontre de personnes physiques ;</li> </ul>
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		<ul style="list-style-type: none"> <li>- après la mise en œuvre des sûretés garantissant les Prêts à l'Habitat, l'Émetteur est exposé, au risque de non paiement par le garant des sommes exigibles au titre desdites sûretés garantissant les Prêts à l'Habitat ;</li> </ul> <p><b>Les facteurs de risques liés aux opérations de l'Émetteur incluent notamment :</b></p> <ul style="list-style-type: none"> <li>- l'Émetteur peut être exposé à des risques de taux d'intérêt et de taux de change en cas de réalisation de la Garantie Financière et sera dans ce cas tenu de mettre en place des mécanismes de couverture adéquats ;</li> <li>- l'Émetteur est exposé à des risques de liquidité ;</li> <li>- la sécurité du système d'information du Groupe Crédit Mutuel Arkéa est confiée à Crédit Mutuel Arkéa (risques opérationnels).</li> </ul>
<b>D.3</b>	<b>Risques clés propres aux Obligations Sécurisées</b>	<p>[Il existe certains facteurs de risques importants pour évaluer les risques relatifs aux Obligations Sécurisées émis dans le cadre du Programme, notamment :</p> <ul style="list-style-type: none"> <li>- les risques généraux liés aux Obligations Sécurisées incluant (i) les risques d'investissement relatifs au fait que les Obligations Sécurisées peuvent ne pas être un investissement approprié pour tous les investisseurs, (ii) la modification des Conditions applicables aux Obligations Sécurisées de Droit français, (iii) les changements de loi, (iv) l'harmonisation européenne du cadre juridique applicable aux Obligations Sécurisées, (v) la fiscalité, (vi) le projet de taxe sur les transactions financières (TTF), (vii) la notation des Obligations Sécurisées et la Confirmation de Notation, (viii) le paquet CRD IV et les nouvelles exigences en matière de capital réglementaire et (ix) le fait que certaines décisions soient prises au niveau du Programme ;</li> <li>- les risques liés à la structure d'une émission particulière d'Obligations Sécurisées, incluant (i) les Obligations Sécurisées faisant l'objet d'une option de remboursement par l'Émetteur, (ii) le fait que les Obligations Sécurisées à date de maturité extensible peuvent être remboursées après leur Date d'Échéance Finale, (iii) les Obligations Sécurisées à Taux Fixe, (iv) les Obligations Sécurisées à Taux Variable, (v) les Obligations Sécurisées à Taux Fixe/Variable, (vi) les Obligations Sécurisées Coupon Zéro, (vii) le Règlement indices de référence et autres réformes et l'administration différente ou la future interruption d'indices de référence, y compris le LIBOR, (ix) les Obligations Sécurisées émises en dessous du pair ou assorties d'une prime d'émission importante et (x) les prévisions et estimations ;</li> <li>- les risques liés au marché incluant généralement (i) la valeur de marché des Obligations Sécurisées, (ii) le fait qu'un marché actif pour les Obligations Sécurisées puisse ne pas se développer, (iii) les risques de taux de change et de contrôles des changes, (iv) les risques de taux d'intérêt, et (v) le fait que des considérations juridiques tenant à l'investissement puissent restreindre certains investissements.</li> </ul> <p>Les investisseurs potentiels ne devront prendre leur décision d'investissement dans les Obligations Sécurisées qu'après une lecture approfondie des</p>

		<p>informations contenues dans le Prospectus de Base et sont invités à consulter leurs propres conseillers quant aux aspects juridiques, fiscaux et connexes.]<sup>17</sup></p> <p>Il existe certains facteurs de risques qui sont importants afin d'évaluer les risques relatifs aux Obligations Sécurisées, notamment :</p> <ul style="list-style-type: none"> <li>- les risques généraux liés aux Obligations Sécurisées incluant (i) les risques d'investissement relatifs au fait que les Obligations Sécurisées peuvent ne pas être un investissement approprié pour tous les investisseurs, (ii) la modification des Conditions applicables aux Obligations Sécurisées de Droit français, (iii) les changements de loi, (iv) l'harmonisation européenne du cadre juridique applicable aux Obligations Sécurisées, (v) la fiscalité, (vi) le projet de taxe sur les transactions financières (TTF), (vii) la notation des Obligations Sécurisées et la Confirmation de Notation (viii) le paquet CRD IV et les nouvelles exigences en matière de capital réglementaire et (ix) le fait que certaines décisions soient prises au niveau du Programme ;</li> <li>- les risques liés à la structure des Obligations Sécurisées, incluant [les Obligations Sécurisées faisant l'objet d'une option de remboursement par l'Émetteur / le fait que les Obligations Sécurisées à Date de Maturité Extensible peuvent être remboursées après leur Date d'Échéance Finale / les Obligations Sécurisées à Taux Fixe / les Obligations Sécurisées à Taux Variable / les Obligations Sécurisées à Taux Fixe/Variable / les Obligations Sécurisées Coupon Zéro / le Règlement indices de référence et autres réformes et l'administration différente ou la future interruption d'indices de référence, y compris le LIBOR / les Obligations Sécurisées émises en dessous du pair ou assorties d'une prime d'émission importante / les Prévisions et estimations] ;</li> <li>- les risques liés au marché incluant généralement (i) la valeur de marché des Obligations Sécurisées, (ii) le fait qu'un marché actif pour les Obligations Sécurisées puisse ne pas se développer, (iii) les risques de taux de change et de contrôles des changes, (iv) les risques de taux d'intérêt, et (v) le fait que des considérations juridiques tenant à l'investissement puissent restreindre certains investissements.</li> </ul> <p>Les investisseurs potentiels ne devront prendre leur décision d'investissement dans les Obligations Sécurisées qu'après une lecture approfondie des informations contenues dans le Prospectus de Base et sont invités à consulter leurs propres conseillers quant aux aspects juridiques, fiscaux et connexes.</p>
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<i>Section E – Offre</i>		
<b>E.2b</b>	<b>Raisons de l'offre et utilisation du produit de l'offre</b>	<p>[Le produit net de l'émission des Obligations Sécurisées servira à financer les Avances à l'Emprunteur que l'Émetteur (en qualité de Prêteur) mettra à la disposition de Crédit Mutuel Arkéa (en qualité d'Emprunteur) en vertu de la Convention de Crédit.]<sup>18</sup></p> <p>[Le produit net de l'émission des Obligations Sécurisées servira à financer les Avances à l'Emprunteur que l'Émetteur (en qualité de Prêteur) mettra à la</p>

<sup>17</sup> Effacer ces paragraphes en vue de la préparation du résumé spécifique à l'émission

<sup>18</sup> Effacer ce paragraphe en vue de la préparation du résumé spécifique à l'émission

		disposition de Crédit Mutuel Arkéa (en qualité d'Emprunteur) en vertu de la Convention de Crédit (comme définie au point B.15)./[Autre (à préciser)].
<b>E.3</b>	<b>Modalités et conditions de l'offre</b>	Sans objet. Les Obligations Sécurisées ne sont pas offertes au public.
<b>E.4</b>	<b>Intérêt des personnes physiques ou morales pouvant influencer sensiblement sur l'émission</b>	[L'intérêt ou les éventuels intérêts conflictuels pouvant influencer sensiblement sur l'émission des Obligations Sécurisées seront décrits dans les Conditions Définitives applicables.] <sup>19</sup>  [Sans objet, à la connaissance de l'Émetteur, aucune personne participant à l'émission des Obligations Sécurisées n'y a d'intérêt significatif.]/[Le ou les Agent(s) Placeur(s) percevra/percevront des commissions d'un montant de [●]% du montant en principal des Obligations Sécurisées. À la connaissance de l'Émetteur, aucune autre personne participant à l'émission des Obligations Sécurisées n'y a d'intérêt significatif.]
<b>E.7</b>	<b>Estimation des dépenses facturées à l'investisseur par l'Émetteur</b>	[Une estimation des dépenses facturées à l'investisseur par l'Émetteur sera incluse dans les Conditions Définitives applicables.] <sup>20</sup>  [Sans objet. Il n'y a pas de dépenses facturées à l'investisseur.]/[Les dépenses mises à la charge de l'investisseur sont estimées à [●].]

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<sup>19</sup> Effacer ce paragraphe en vue de la préparation du résumé spécifique à l'émission

<sup>20</sup> Effacer ce paragraphe en vue de la préparation du résumé spécifique à l'émission

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations related to Covered Bonds issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material as to the market risks associated with Covered Bonds issued under the Programme are also described below. The risk factors set out in this Base Prospectus may also apply to German law Covered Bonds. However, this Base Prospectus does not describe all of the risks of an investment in German law Covered Bonds and investors or potential investors should take their own advice, and consult their own financial, legal, tax and other advisers in relation to the risks attached to, or associated with, the German law Covered Bonds or an investment in any of them including in light of such investors' particular circumstances.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme. However, the Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Investors must be aware that the list of factors set out below is not intended to be exhaustive and that other risks and uncertainties which, on the date of this Base Prospectus, are not known by the Issuer or are considered irrelevant, may have a significant impact on the Issuer, its activities, its financial condition or the Covered Bonds. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and make their own opinion about risk factors prior to making any investment decision. Investors should in particular conduct their own analysis and evaluation of the risks relating to the Issuer, its financial condition and the Covered Bonds and consult their own financial or legal advisers about risks associated with the investment in a particular Series of Covered Bonds and the suitability of investing in the Covered Bonds in light of their particular circumstances.*

*The Issuer considers that the Covered Bonds shall only be purchased by investors who are (or are advised by) financial institutions or other professional investors who have sufficient knowledge and experience to appropriately evaluate the risks associated with the Covered Bonds.*

*Words and expressions defined elsewhere in this Base Prospectus have the same meanings when used below.*

### **I. RISKS RELATED TO THE ISSUER**

#### ***Issuer's sole liability under the Covered Bonds***

The Issuer is the only entity with the obligation to pay principal and interest with respect to the Covered Bonds. The Covered Bonds are not and will not be the obligation or responsibility of any other entity, including (but not limited to) Crédit Mutuel Arkéa (in any capacity, but in particular in its capacity as Borrower, Administrator, Issuer Calculation Agent, Cash Collateral Provider or Collateral Security Agent), the Collateral Providers, the Dealer(s), the Representative, the Paying Agents, the Asset Monitor, any counterparty to any hedging agreement(s) entered into by the Issuer (if any) or any company in the same group of companies as any of the foregoing entities, or the shareholders, directors or agents of any company in the same group of companies as the foregoing entities.

In making an investment decision, investors must rely upon their own examination of the Issuer, the Collateral Security Assets, the terms of the Covered Bonds issued under the Programme and the financial information incorporated in this Base Prospectus. In the case of a Borrower Event of Default, there can be no assurance that the Collateral Security Assets will be sufficient to pay in full the amounts payable under the Covered Bonds.

***Impact of legal and regulatory changes***

The Issuer is subject to financial services law, regulations, administrative actions and policies in each jurisdiction in which it carries on business. Changes in supervision and regulation, in particular in France, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors its environment, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

***The Issuer relies on Crédit Mutuel Arkéa and any entity of the Crédit Mutuel Arkéa Group or their respective successors acting in several capacities for the Issuer***

The Issuer has entered into a number of agreements with Crédit Mutuel Arkéa and other entities of the Crédit Mutuel Arkéa Group, who has agreed to perform services for the Issuer. In particular, but without limitation:

- Crédit Mutuel Arkéa has been appointed as Administrator to provide the Issuer with necessary advice, assistance and know-how, whether technical or otherwise in connection with the day to day management and corporate administration of the Issuer and to ensure that the Issuer exercises each of its rights and perform each of its obligations under the Programme Documents;
- Crédit Mutuel Arkéa has been appointed as Issuer Calculation Agent to make calculations as provided under the Programme Documents and in particular to make calculations relating to the Asset Cover, the Legal Liquidity Reserve and the Amortisation Test;
- the Issuer has entered into the Collateral Security Agreement with Crédit Mutuel Arkéa (as Collateral Security Agent and Collateral Provider) and the entities of the Crédit Mutuel Arkéa Group (as Collateral Providers), who have agreed to administer and monitor the Collateral Security Assets and/or the Collateral Security;
- the Issuer has entered into the Cash Collateral Agreement with Crédit Mutuel Arkéa (as Cash Collateral Provider), who has agreed to provide cash collateral to the Issuer upon certain rating trigger events occurring.

Under the relevant Programme Documents, the Issuer may in certain circumstances terminate the appointment of Crédit Mutuel Arkéa or any other entity of the Crédit Mutuel Arkéa Group that may be appointed (such termination not being effective until a substitute entity with the required rating shall have replaced Crédit Mutuel Arkéa or the relevant entity of the Crédit Mutuel Arkéa Group (as applicable), in which case the transfer of the function to an entity outside the Crédit Mutuel Arkéa Group may result in delays, increased costs and/or losses in collection of sums due to the Issuer under its assets, could create operational and administrative difficulties for the Issuer, and could adversely affect its ability to perform its obligations under the Covered Bonds.

In addition, if the Collateral Providers and/or the Collateral Security Agent fail to adequately administer the Collateral Security Assets and/or the Collateral Security, this may lead to diminished value of the Collateral Security or any part thereof, and in turn, the ability of the Issuer to make payments under the Covered Bonds.

Failure of Crédit Mutuel Arkéa to provide cash collateral where required under the Cash Collateral Agreement may adversely affect the Issuers' ability to perform its obligations under the Covered Bonds.

***Substitution risk***

In the event of a downgrading of the short-term and/or long-term debt of or certain other parties to the Programme Documents which triggers the need for a substitution, or if under certain other circumstances the substitution of Crédit Mutuel Arkéa is appropriate pursuant to the terms of the Programme Documents, no assurance can be given that a substitute entity will be found.

In particular, if there is a downgrading of the long-term debt of Crédit Mutuel Arkéa or its successors, as the Administrator, or another termination event of its appointment occurs pursuant to the terms of the Administrative Agreement, the Issuer will be entitled to terminate the appointment of the Administrator and appoint a new administrator in its place. There can be no assurance that a substitute administrator with sufficient experience would be found and would be willing and able to serve on the same or similar terms found in the Administrative Agreement. In particular, upon the occurrence of any Borrower Event of Default and the subsequent enforcement of the Collateral Security and the transfer to the Issuer of the Collateral Security Assets, there can be no assurance that a substitute administrator with sufficient experience of servicing such transferred Collateral Security Assets could be found who would be willing and able to serve on the same or similar terms found in the Administrative Agreement. The ability of a substitute administrator to perform the required services fully would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute administrator may affect the realisable value of the Collateral Security Assets or any part thereof, and/or the ability of the Issuer to make payments under the Covered Bonds. No Administrator has (nor will have, as applicable) any obligation itself to advance payments that the Borrower fails to make in a timely manner. The Representative is not obliged under any circumstance to act as an Administrator or to monitor the proper performance of obligations by any Administrator.

***Certain conflicts of interest***

Conflicts of interest may arise during the life of the Programme as a result of various factors involving certain Transaction Parties. For example, such potential conflicts may arise because Crédit Mutuel Arkéa acts in several capacities under the Programme Documents (including as Arranger) provided that its rights and obligations under the Programme Documents are not contractually conflicting and are independent from one another. Also during the course of their business activities, the Programme Parties and/or any respective affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Home Loans. In such cases, the interest of any of those parties or their affiliates or the interest of other parties for whom they perform servicing functions may differ from, and compete with, the interest of the Issuer or of the Bondholders.

***Modification, alteration or amendment of the Programme Documents without Bondholder prior consent***

Subject to the qualifications described in the relevant Programme Document(s) to which it is a party, the Issuer may, with prior Rating Affirmation and without the prior consent or sanction of any of the Bondholders, concur with any person in making or sanctioning any modifications, alterations or supplements to any Programme Document to which it is a party. Such modifications, alterations or supplements may materially and adversely affect the interest of the Issuer or the Bondholders but shall be made with prior Rating Affirmation.

Subject to the qualifications described in the relevant Programme Document(s) to which it is a party, the Issuer may, without prior Rating Affirmation and without the prior consent or sanction of any of the Bondholders, concur with any person in making or sanctioning any modifications, alterations or supplements to any Programme Document to which it is a party if such modification, alteration or supplement is:

- to cure any ambiguity, omission, defect or inconsistency in the relevant Programme Document;
- to evidence or effect the transition of any party to a Programme Document to which it is a party to any successor;
- to add to the undertakings and other obligations of any party (except the Issuer) under a Programme Document to which it is a party; or
- to comply with any mandatory requirements of applicable laws and regulations.

***Insolvency and examinership laws in France could limit the ability of the Bondholders to enforce their rights under the Covered Bonds***

The Issuer, as a *société anonyme*, is subject to French laws and proceedings affecting creditors (including conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*), accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) and judicial reorganisation or liquidation proceedings (*procédure de redressement ou de liquidation judiciaires*)).

The Issuer, as a specialised credit institution (*établissement de crédit spécialisé*), is also subject to the provisions of Articles L. 613-25 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*). These provisions include in particular specific rules on the opening of an insolvency proceeding against the Issuer, the involvement of the *Autorité de contrôle prudentiel et de résolution* in the event of bankruptcy of the Issuer, specific concepts of suspension of payment (*cessation des paiements*) for the Issuer and some specific rules of liquidation for the Issuer.

As a general principle, the above mentioned insolvency and reorganisation rules favour the continuation of a business and protection of employment over the payment of creditors.

However, the Issuer, as a *société de financement de l'habitat*, benefits from a regime which derogates in many ways from the French legal provisions relating to insolvency proceedings, in particular:

- in accordance with Article L. 513-31 of the French Monetary and Financial Code (*Code monétaire et financier*), the provisions of Article L. 632-2 of the French Commercial Code (*Code de commerce*) (*nullités facultatives de la période suspecte*) are not applicable to contracts concluded by a *société de financement de l'habitat*, as far as such contracts or transactions made by or in favor of *société de financement de l'habitat*, as far as such contracts or transactions referred to in Articles L. 513-28 to L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*);
- in accordance with Article L. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*), the *procédure de sauvegarde, de redressement ou de liquidation judiciaires* of a shareholder of the Issuer cannot be extended to the Issuer;
- any service/loan agreement pursuant to which the Issuer has delegated to another credit institution or financing company the management or the recovery of loans, exposures, assimilated receivables, securities, instruments, bonds or other sources of financing may be immediately terminated upon the opening of bankruptcy proceedings (*procédure de sauvegarde, de sauvegarde financière accélérée, de sauvegarde financière, de redressement ou de liquidation judiciaires*) affecting that credit institution or financing company;
- in accordance with Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) in case of *procédure de sauvegarde, de redressement ou de*

*liquidation judiciaires*) or conciliation proceedings (*procédure de conciliation*) of the Issuer, all cash flows generated by the assets of the Issuer are allocated as a matter of absolute priority to servicing liabilities of the Issuer which benefit from the *Privilège* as they fall due, in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of the liabilities of the Issuer which benefit from the *Privilège*, no other creditors may take any action against the assets of the Issuer. As a result of the operation of the SFH Legal Framework, in the case of a bankruptcy or insolvency proceedings in respect of the Issuer, the ability of Bondholders to enforce their rights under the Covered Bonds may be limited.

### ***EU Resolution and Recovery Directive***

On 15 May 2014, the Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms entered into force on 2 July 2014 (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is necessary in the public interest:

- **sale of business** – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms;
- **bridge institution** – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control);
- **asset separation** – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and
- **bail-in** – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity, which equity could also be subject to any future cancellation, transfer or dilution by application of the bail-in tool (the "**bail-in tool**").

The BRRD also provides the right for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances). The BRRD provides that it is applied by Member States since 1 January 2015, except for the bail-in tool which became effective since 1 January 2016.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

Bail-in enables the resolution authority to write down subordinated or non-subordinated debt of a failing institution and/or convert them to equity, which equity could also be subject to any reduction or written down. When applying bail-in the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If only this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings.

Regarding Covered Bonds, the BRRD provides that the relevant resolution authority shall not exercise the write down or conversion powers in relation to secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to national law are secured in a way similar to covered bonds, whether they are governed by the law of a Member State or of a third country. Nevertheless, relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Covered Bonds issued under the Programme, only if and to the extent that the bond liability exceeded the value of the cover pool collateral against which it is secured.

The implementation of the BRRD into French law has been made by three texts of legislative nature. Firstly, the banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*loi de séparation et de régulation des activités bancaires*) (as modified by the *ordonnance* dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the "**Banking Law**") implementing partially the BRRD in anticipation. Secondly, *Ordonnance* no. 2015-1024 dated 20 August 2015 (*Ordonnance n°2015-1024 du 20 aout 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the "**Ordonnance**"), published in the Official Journal of the French Republic dated 21 August 2015, which has introduced various provisions amending (among others, crisis prevention and management measures applicable to credit institutions provided for in Articles L.613-48 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*) and supplementing the Banking Law to adapt French law to the BRRD. Thirdly, the *Ordonnance* has been ratified by law no. 2016-1691 dated 9 December 2016 (*loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique*) which also incorporates provisions which clarify the implementation of the BRRD in France.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund has established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities. Starting on 1 January 2015, the Single Resolution Board works in close co-operation with the *Autorité de contrôle prudentiel et de résolution*, in particular in relation to the elaboration of resolution planning, and assumes full resolution powers since 1 January 2016.

The application of any resolution measure under the French BRRD implementing provisions, or any suggestions of such application, with respect to the Issuer could materially adversely affect the rights of the holders of Covered Bonds, the price or value of an investment in the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds, and as a result investors may lose their entire investment. Moreover, if the Issuer's financial condition deteriorates, the existence of the bail-in tool or the exercise of write-down/conversion powers by the resolution authority independently of a resolution measure with respect to capital instruments (including subordinated debt instruments) or in combination with a resolution measure when it determines that the institution or its

group will no longer be viable could cause the market price or value of the Covered Bonds to decline more rapidly than would be the case in the absence of such powers.

***Holders of the Covered Bonds may not declare the Covered Bonds immediately due and payable upon the Issuer filing for bankruptcy***

The bankruptcy of the Issuer, which is an event that is customarily considered an event of default under debt instruments giving rise to an absolute or qualified right on the part of the registered holder to declare such debt instrument immediately due and payable, constitutes the occurrence of an Issuer Event of Default under section "**Terms and Conditions of the French law Covered Bonds**". However, under the SFH Legal Framework, the opening of bankruptcy proceedings or of conciliation proceedings with respect to the Issuer will not give rise to the right on the part of the holders of the Covered Bonds to declare the Covered Bonds immediately due and payable since, pursuant to the terms of the French Monetary and Financial Code (*Code monétaire et financier*) mentioned above, all cash flows generated by the assets of the Issuer are allocated as a matter of absolute priority to servicing liabilities of the Issuer which benefit from the *Privilège* as they fall due, in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of the liabilities of the Issuer which benefit from the *Privilège*, no other creditors may take any action against the assets of the Issuer.

***Limited resources available to the Issuer***

In the absence of any Borrower Event of Default, the Issuer's ability to meet its obligations under the Covered Bonds will depend on the amount of scheduled principal and interest paid by the Borrower under the Borrower Facility Agreement and the timing thereof and/or, as applicable, the amounts received under hedging agreement(s) (if any) and/or the proceeds generated by Permitted Investments, as defined below and/or the available amount under the Share Capital Proceeds Account and/or payments proceeds under Legal Substitution Assets.

Pursuant to the Cash Collateral Agreement, the Issuer will benefit from any Cash Collateral to be provided by the Cash Collateral Provider under the circumstances described under the Cash Collateral Agreement.

Upon the occurrence of a Borrower Event of Default and enforcement of the Collateral Security granted by the Collateral Providers, and without prejudice to any other unsecured recourse the Issuer may have under the Secured Liabilities, the Issuer's ability to meet its obligations under all the Covered Bonds will depend on the revenue proceeds from the Collateral Security Assets granted by the Collateral Providers which would have been enforced in favour of the Issuer (meaning the amount of principal and interest paid directly to the Issuer by the relevant debtors under the Home Loan receivables which would have been transferred to the Issuer upon enforcement of such Collateral Security or the price or value of such Home Loan receivables and related Home Loan Security upon the sale or refinancing thereof by the Issuer) and/or, as applicable the amounts received under hedging agreement(s) (if any), and/or the revenue proceeds generated by Permitted Investments, and/or the amount of any Cash Collateral provided by the Cash Collateral Provider under the Cash Collateral Agreement, and/or the available amount under the Share Capital Proceeds Account, and/or payments proceeds under Legal Substitution Assets.

If such amounts are not sufficient for the Issuer to meet its obligations under the Covered Bonds, the Issuer will not have any further source of funds available other than the recourse the Issuer has under the Secured Liabilities until such Secured Liabilities are repaid in full.

The occurrence for whatever reason of an Issuer Event of Default will not automatically trigger the cross occurrence of a Borrower Event of Default, and the Issuer will in the absence of a Borrower Event of Default be unable to enforce the Collateral Security in order to cure such Issuer Event of Default. Therefore, notwithstanding the occurrence of such an Issuer Event of Default while no

Borrower Event of Default shall have occurred, the Issuer's ability to meet its obligations under the Covered Bonds will continue to depend only on the amount of scheduled principal and interest paid by the Borrower under the Borrower Facility Agreement and the timing thereof and/or, as applicable, the amounts received under the hedging agreement(s) (if any) and/or the revenue proceeds generated by Permitted Investments and/or any Cash Collateral and/or the available amount under the Share Capital Proceeds Account and/or payments proceed under Legal Substitution Assets.

#### ***Restrictions on recourse and enforcement***

Payments due under the Covered Bonds are subject to significant limitations as described in Condition 14 "Limited recourse" under section "**Terms and Conditions of the French law Covered Bonds**". Furthermore, payment with respect to the Covered Bonds will be subordinated to the full payment of certain sums pursuant to the then applicable Priority Payment Order and recoverable only from and to the extent of the amount of the Available Funds as described in Condition 15 under section "**Terms and Conditions of the French law Covered Bonds**". No enforcement action under the Covered Bonds may be taken prior to the date which is eighteen (18) months and one (1) calendar day after the earlier of (i) the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) of the last Series issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest outstanding Covered Bond as described in Condition 14 "Non-petition" under section "**Terms and Conditions of the French law Covered Bonds**".

#### ***No guarantee on the market value of the Permitted Investments***

Any available funds standing to the credit of the Issuer Accounts (prior to their allocation and distribution) shall be invested by the Administrator in Permitted Investments. The value of the Permitted Investments may fluctuate depending on the financial markets and the Issuer may be exposed to a credit risk in relation to the issuers of such Permitted Investments. None of the Arranger, the Issuer, the Administrator or any other party to the Programme Documents guarantees the market value of the Permitted Investments. None of them shall be liable if the market value of any of the Permitted Investments fluctuates and decreases.

## **II. RISKS RELATED TO THE BORROWER**

#### ***Borrower's ability to pay under the Borrower Facility Agreement***

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

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

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

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

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

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

#### **1.1. Implementation of the Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel**

Since late 2014, Crédit Mutuel Arkéa has been involved in a series of disputes with Confédération Nationale du Crédit Mutuel ("CNCM"), Crédit Mutuel's central body, relating primarily to potential conflicts of interest between the central body and one of its affiliates. These disputes mainly concern administrative, technical and financial supervision by CNCM and the use of the "Crédit Mutuel" name.

This situation led Crédit Mutuel Arkéa's Board of Directors, at its meeting of January 17, 2018, to authorise Crédit Mutuel Arkéa Group's senior management to take all actions enabling Crédit Mutuel Arkéa to become a cooperative and mutual banking group independent from the rest of Crédit Mutuel.

The directors of the local savings banks and the directors of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations were requested to vote during the first half of 2018. At the conclusion of the consultation process initiated by the Crédit Mutuel Arkéa Group's local savings banks, and after the federations' Boards of Directors had met, the Crédit Mutuel Arkéa Group certified the results of the votes cast by the 307 local banks: 94.5% of the local savings banks voted in favor of Crédit Mutuel Arkéa's independence, which will thus become a cooperative and territorial group with mutualist values, independent from the rest of Crédit Mutuel. This historic inaugural vote, which binds all stakeholders, definitively marks the departure will of the Crédit Mutuel Arkéa Group from the Crédit Mutuel.

The Crédit Mutuel Arkéa Group will now begin operational implementation of its unilateral disaffiliation. At its meeting of June 29, 2018, Crédit Mutuel Arkéa's Board of Directors approved the planned organizational structure of the future independent group and called on the local savings banks to convey their opinion, starting in the fall of 2018, on the implementation of this structure. It was also decided that Crédit Mutuel Arkéa will do business under a name other than "Crédit Mutuel". Nevertheless, operational implementation of Crédit Mutuel Arkéa Group's unilateral disaffiliation must be approved by the local savings banks.

It is anticipated that, after the unilateral disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, the local savings banks will become Local Cooperative Companies ("LCCs") and will retain their status as cooperative companies with variable capital that, together with Arkéa (which will then become the "**Arkéa Group**"), will form a union of cooperatives, pursuant to Act 47-1775 of September 10, 1947 which created cooperative status (the "**1947 Act**"). The corporate purpose of the new LCCs will be refocused on their primary objective: to develop the cooperative shareholder base and facilitate access to banking and financial services. They will thus be responsible, in particular, for promoting cooperative and mutualist values and for advising cooperative shareholders and clients within their geographical purview.

To do so, all regulated financial activities of the local savings banks will be contributed or sold to Arkéa Group, which at the same time will open local branches within the banks. Moreover, under this new

organization, all banking operations and investment services will thereafter be carried out by the Arkéa Group local branch opened on the LCCs' premises.

To perform their intermediation activities, the LCCs could, if necessary, opt for the status of banking transaction and payment services intermediaries, insurance intermediaries and/or tied agents of Arkéa Group for the provision of investment services.

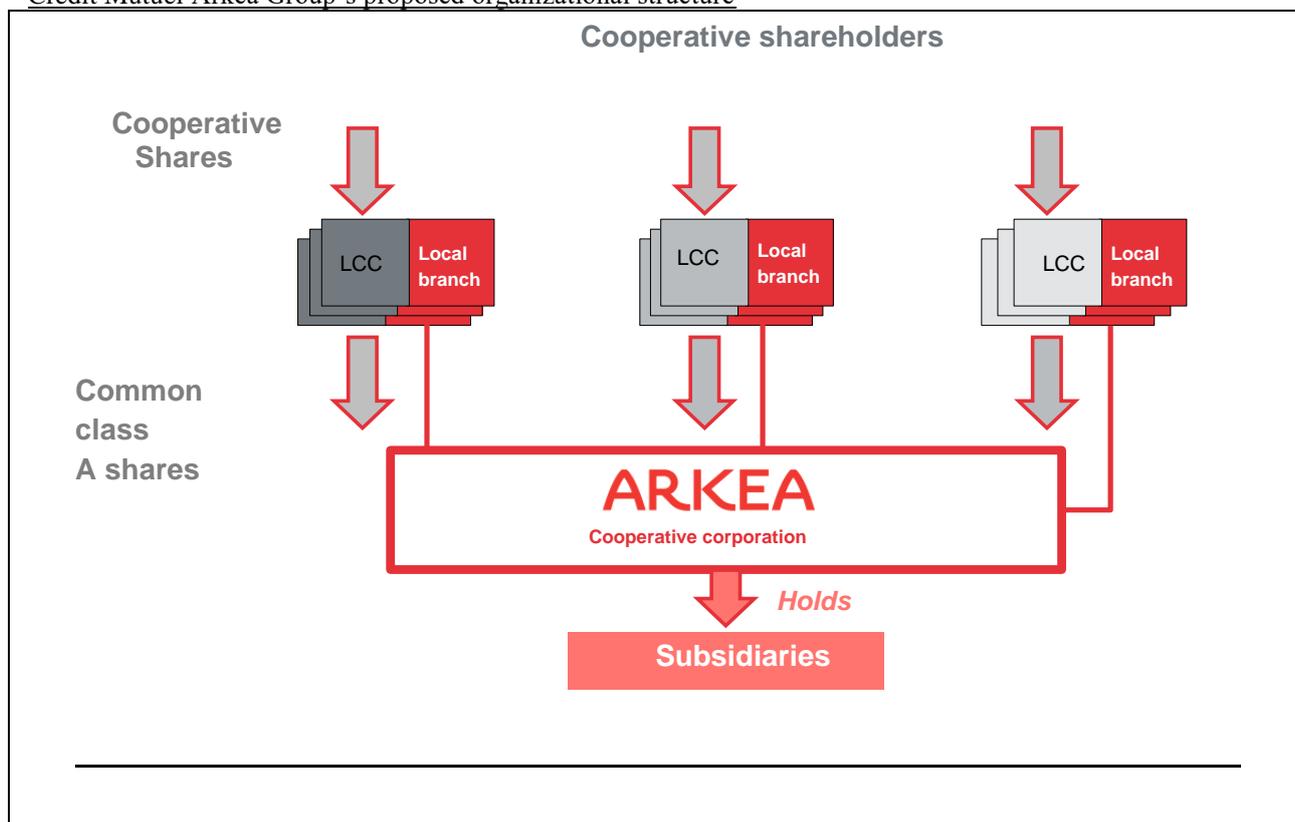
Each LCC could also advise the local branch of Arkéa Group with which it is affiliated for the purpose of providing appropriate banking and financial services to its cooperative shareholders.

In accordance with the 1947 Act, each cooperative shareholder could continue to take part in the LCCs' corporate procedures under the "one person, one vote" principle and run for a position on his/her LCC's board of directors. The LCCs will continue to be the sole holders of the class A common shares issued by Arkéa Group. In other words, Arkéa Group's governance would be rooted in the involvement and participation of each LCC.

In addition, an affiliation agreement between all LCCs and Arkéa Group will be entered into for a term of 99 years with the aim of implementing solidarity, mutual assistance and support mechanisms to further the achievement of the LCCs' primary mission, i.e., to promote access to banking and financial services for all.

Regional federations will be set up to structure the operation and governance of the LCCs.

#### Crédit Mutuel Arkéa Group's proposed organizational structure



## 1.2. Risk factors

There has been no significant change in risk factors from the situation described in the 2017 Registration Document, other than the risks related to the Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel.

### 1.2.1. Risks due to the complexity of the situation and risks associated with the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel

The situation in relation to the Crédit Mutuel Arkéa Group's proposed disaffiliation from the Crédit Mutuel is unprecedented and particularly complex to achieve. Investors' attention is drawn to the complexity of the situation related to the Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel and generates uncertainties and associated risks. In addition, any commercial stakes linked to the loss of the "Crédit Mutuel" brand and the adoption by Crédit Mutuel Arkéa of a name and commercial brands that do not include the terms "Crédit Mutuel" must be taken into consideration.

Prior making any investment decision, prospective investors should conduct an in-depth analysis of the unilateral disaffiliation project, the Crédit Mutuel Arkéa Group's planned organizational structure as described above and the related uncertainties and associated risks, as described below. In particular, investors should carefully consider all the information included in this Base Prospectus and, especially when making their investment decision, the risk factors related to the change in the organization of the main shareholders of cooperative shares and the risks related to the unilateral disaffiliation of Crédit Mutuel Arkéa's Group from the Crédit Mutuel listed in this Base Prospectus.

The disaffiliation of the Crédit Mutuel Arkéa Group will not change its status as a cooperative and territorial group with mutualist values. However, its disaffiliation from the Crédit Mutuel will engender consequences that may be difficult for investors to assess but that should be understood and analysed before making any investment decision. Due to its unprecedented situation, Crédit Mutuel Arkéa cannot guarantee that the project will be completed, that it will not be subject to major changes compared to what was originally planned or that new difficulties will not emerge during its implementation.

### **1.2.2. Risks in relation to local savings banks**

- ***Uncertainties about the possibility for the local savings banks to continue issuing cooperative shares by making public offerings and possible loss of the local savings banks' banking licenses***

As a result of the local savings banks' unilateral disaffiliation from the Crédit Mutuel they will cease to be covered by the group banking license granted pursuant to Article R. 511-3 of the French Monetary and Financial Code (*Code monétaire et financier*), which could impact their ability to issue cooperative shares to the public in the future. Until now, public offerings of cooperative shares have been an essential source of financing for Crédit Mutuel Arkéa. The inability of local savings banks to continue making public offerings could have a major impact on its financial position if an alternative plan is not put in place. A share issue program is under discussion with the French Prudential Supervision and Resolution Authority ("**ACPR**") and the European Central Bank ("**ECB**"). There is no certainty that the proposed program will be accepted by the authorities.

Crédit Mutuel Arkéa's analysis of the implementation of Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel has confirmed that the class A, B and C cooperative shares that have been issued by the local savings banks to date would not be affected.

The legal basis for early redemption of the class A, B and C cooperative shares is found in (i) the 1947 Act and (ii) Regulation (EU) No. 575/2013 of June 26, 2013 due to the capital nature of the cooperative shares. These laws do not provide for early redemption on the grounds of loss of the local savings banks' banking license or a change in their corporate purpose, provided they retain their cooperative status.

Moreover, the contractual terms of the class A, B and C cooperative shares do not provide for early redemption in the event the local savings banks that are converted into LCCs lose their banking license.

- ***Risk associated with the future status of the local savings banks that voted against the proposed unilateral disaffiliation***

The local savings banks that voted against the unilateral disaffiliation from the Crédit Mutuel, or that choose not to take part in the vote, may decide not to join this new organization. They may opt to remain a part of Crédit Mutuel, in an organizational structure yet to be defined by the Crédit Mutuel. However, the results of the vote on the Crédit Mutuel Arkéa Group's proposed independence are not necessarily an indication of the outcome of the local savings banks' future vote on the operational implementation of this unilateral disaffiliation from the Crédit Mutuel. Because each local savings bank's vote in the first half of 2018 was merely a straw poll, each local savings bank will be asked to vote on the Crédit Mutuel Arkéa Group's unilateral disaffiliation implementation.

Local savings banks that choose to vote against unilateral disaffiliation will have to join the Crédit Mutuel in order to be covered by a new group banking license. This new affiliation is not grounds for early redemption of the class A, B and C cooperative shares. However, these local savings banks will be repaid the value of the ordinary class A Crédit Mutuel Arkéa shares they hold.

More specifically, with respect to the local savings banks that are members of the Crédit Mutuel Massif Central federation, at the Crédit Mutuel Arkéa board of directors' meeting held on January 17, 2018, the Crédit Mutuel Arkéa Group requested the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations to initiate consultations on the Crédit Mutuel Arkéa Group's proposed independence. The board of directors of the Crédit Mutuel Massif Central federation opposed the principle of consulting the boards of directors of the local savings banks within its purview. Nevertheless, a consultation was initiated by six of the thirty local savings banks that are members of the Crédit Mutuel Massif Central federation.

- ***Risks associated with the final vote of the cooperative shareholders***

Operational implementation of Crédit Mutuel Arkéa Group's unilateral disaffiliation must be voted on and approved by the local savings banks' boards of directors. Local savings banks that vote in favor of disaffiliation from the Crédit Mutuel will be required to convene an extraordinary general shareholders' meeting to approve *inter alia* the relevant amendments to their articles of incorporation. The results of the straw poll on the Crédit Mutuel Arkéa Group's proposed independence plan are not necessarily an indication of the outcome of the local savings banks' future vote on the operational implementation of this unilateral disaffiliation from the Crédit Mutuel. There is no certainty as to the outcome of the local savings banks' future votes.

**At this stage, there is no certainty as to how this situation may play out and/or when it will be resolved.**

### **1.2.3. Risks in relation to Crédit Mutuel Arkéa**

At the conclusion of the unilateral disaffiliation of the Crédit Mutuel Arkéa Group from the Crédit Mutuel, whose central body is the CNCM, the Arkéa Group will continue to be structured around Arkéa Group (currently Crédit Mutuel Arkéa), which will be licensed as a cooperative bank and directly supervised by the ACPR and the ECB.

- ***Risks associated with the approval of the supervisory authorities***

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

Implementation of the proposed unilateral disaffiliation is subject to the approval of the ACPR and the ECB concerning the banking authorization of Crédit Mutuel Arkéa and the local savings banks attached to it, and these authorities will be required to make a decision thereon when the central body notifies the ACPR of each Crédit Mutuel Arkéa Group entity's loss of affiliate status in accordance with Article L. 511-31 of the French Monetary and Financial Code (*Code monétaire et financier*). At this stage, discussions are under way with each of these authorities. However, there is no assurance that their approval will be obtained, and the time frame and conditions for obtaining such approval are uncertain. Changing Crédit Mutuel Arkéa's corporate name will also require the prior approval of these authorities.

- ***Risk associated with prudential calculations***

The Crédit Mutuel Arkéa Group's disaffiliation from the Crédit Mutuel may result in a change in the weighted risk calculation internal model, which may generate higher capital requirements, or may require a transition to a standard model.

As of December 31, 2017, credit risk was assessed on the basis of net risk exposure totaling €88 billion, of which:

- risk exposure totaling €58.3 billion was measured using an internal rating approach; and

- risk exposure totaling €29.7 billion was already measured using a standard approach. Therefore, the disaffiliation from the Crédit Mutuel may lead to a review of the weighted risk assessment method for the €58 billion in risk exposure that is currently measured using an internal rating approach.

- ***Risks associated with compensation claims by the CNCM***

On June 19, 2018, the CNCM issued a press release in which it raised the possibility of claiming compensation from the Crédit Mutuel Arkéa Group on "the basis of the € 3.5 billion in accumulated reserves of Crédit Mutuel Arkéa and its local savings banks, for the retrocession to Crédit Mutuel of the pooling profit created the community of customers and cooperative shareholders" and compensation for the "losses caused, in particular as a result of the need to reestablish its network in the Southwest and Brittany." Crédit Mutuel Arkéa considers this communication to be misleading because it lacks any legal basis, either as regards the calculation bases mentioned or as regards the very principle of compensation. To the date of this Base Prospectus, the Crédit Mutuel Arkéa Group has not received any formal and substantiated demand. However, if such a demand is made, Crédit Mutuel Arkéa will dispute it.

- ***Risks associated with Crédit Mutuel Arkéa's governance***

At its meeting held on April 20, 2018, the CNCM's board of directors proposed new draft articles of incorporation for the CNCM that would enable it to expel key executives of the regional federations. In reaction thereto, Crédit Mutuel Arkéa's general shareholders' meeting held on May 16, 2018 adopted a resolution authorising Crédit Mutuel Arkéa's board of directors, its Chairman and the executives effectively running Crédit Mutuel Arkéa to decide to unilaterally disaffiliate from the CNCM in the event of hostile action. This exit would be carried out by exercising the right of withdrawal available to any member of a 1901 Act association such as the CNCM. These new provisions of the articles of incorporation were approved by CNCM's general shareholders' meeting held on May 31, 2018 and were then approved by the Economy and Finance Minister in a letter dated July 10, 2018.

- ***Litigation risks***

Implementation of the Crédit Mutuel Arkéa Group's unilateral disaffiliation from the Crédit Mutuel creates the risk that the CNCM may legally challenge the Crédit Mutuel Arkéa Group's unilateral disaffiliation.

Moreover, operational implementation of the Crédit Mutuel Arkéa Group's disaffiliation may generate litigation or various claims against Crédit Mutuel Arkéa by the Group's customers or counterparties, in particular due to the unprecedented nature of such disaffiliation.

- ***Risk associated with the loss of inter-federation solidarity***

Crédit Mutuel Arkéa will lose the benefit of the inter-federation solidarity mechanism if the Crédit Mutuel Arkéa Group becomes independent from Crédit Mutuel as described above. However, Crédit Mutuel Arkéa has its own solidarity mechanism which would function in the first instance.

An affiliation agreement between LCCs and Arkéa Group will be entered into for a term of 99 years with the aim of implementing solidarity, mutual assistance and support mechanisms to further the achievement of the LCCs' primary mission, i.e., to promote access to banking and financial services for all.

**At this stage, there is no certainty as to how this situation may play out and/or when it will be resolved.**

### **III. RISKS RELATED TO THE COLLATERAL SECURITY ASSETS**

#### ***No interpretation by French and Belgian courts of rules applicable to Collateral Security***

The Home Loan receivables will be granted as Collateral Security in favour of the Issuer as security to the Secured Liabilities in accordance with Articles L. 211-36 to L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) implementing Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements, which has been amended by Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 (the "**EU Collateral Directive**").

The Bondholders should note that neither the French courts nor the Belgian courts have had yet the opportunity to interpret Articles L. 211-38 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*).

***Method of establishment and enforceability of the Collateral Security – Notion of control***

The Collateral Security shall not entail any transfer of title with respect to the relevant assets until enforcement. The Collateral Security shall be created and perfected in accordance with Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*). Pursuant to Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*): "the establishment of such security interests and their enforceability are not subject to any formality."

However, said Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*) further states that such establishment and enforceability "derive from the transfer of the relevant property and rights, the dispossession of the grantor or their control by the beneficiary or a person acting on his behalf".

There are no guidelines in the EU Collateral Directive, in Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*), in legal commentaries or in French case law on how to satisfy the "control" requirement in practice and in the context of security over loan receivables such as the security purported to be created over the Home Loan receivables under the Collateral Security Agreement. However, given that the Collateral Security Agreement will provide that the Issuer will be entitled to control changes to the servicing procedures of the Collateral Providers and will benefit from the following Controlling Rights and Covenants (as described below), this should give to the Issuer a certain level of control over the Collateral Security Assets which should be sufficient for it to represent that it benefits from the "control" required by Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*).

Pursuant and subject to the Collateral Security Agreement, each Collateral Provider will appoint Crédit Mutuel Arkéa as agent in order to grant, in the name and on behalf such Collateral Provider, as Collateral Security any Eligible Assets selected by the Collateral Security Agent pursuant to the Collateral Security Agreement (to the extent required to meet the Asset Cover Test) and each Collateral Provider will undertake:

- to maintain the Collateral Security Assets free from any encumbrance or any option to purchase or similar rights, except as contemplated under the Collateral Security Agreement;
- not to transfer, assign, pledge, delegate or in any way encumber any of the Collateral Security Assets other than pursuant to, or as permitted under, the Collateral Security Agreement and shall not permit that similar restrictions apply which may materially affect the security created hereunder; and
- to perform the servicing of the Collateral Security Assets it has granted in accordance with the Servicing Procedures;
- not to materially alter the Servicing Procedures without the consent of the Issuer, the Administrator, the Issuer Calculation Agent and the Collateral Security Agent (such consent not to be unreasonably withheld);
- for the purpose of satisfying itself whether the Collateral Security Assets remain Eligible Assets or controlling the information contained in the asset reports, to grant (at reasonable times and intervals and upon reasonable notice) the Issuer (or any agent acting on its behalf) with access to each Collateral Provider's premises or to premises where the

related asset records are located, in order to inspect or audit such asset records (such right of inspection or audit including taking copies of all or any document or data).

### ***Impact of the hardening period on the Collateral Security***

Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) states that the provisions of book VI of the French Commercial Code (*Code de commerce*) (pertaining to insolvency proceedings as a matter of French law) shall not impede ("*ne font pas obstacle*") the application of Articles L. 211-36 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*). This provision should lead to the conclusion that the rules pertaining to the nullity of acts concluded during the hardening period (*période suspecte*) (as provided for in Articles L. 632-1 and L. 632-2 of the French Commercial Code (*Code de commerce*)) will not apply in respect of guarantees governed by Article L. 211-38 of the French Monetary and Financial Code (*Code monétaire et financier*).

The hardening period (*période suspecte*) is a period of time the duration of which is determined by the bankruptcy judge upon the judgement recognising that the cessation of payments (*cessation des paiements*) of the insolvent company has occurred. The hardening period commences on the date of such judgement and extends for up to eighteen (18) months previous to the date of such judgement.

Given the provisions of the Collateral Directive, it is reasonable to consider that Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) will exclude application of Article L. 632-1-6° of French Commercial Code (*Code de commerce*), which provides for an automatic nullity of security interest granted during the hardening period to secure past obligations of a debtor and, therefore, that the Collateral Security, which is governed by Articles L. 211-38 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), would not be avoided on the basis of said Article L. 632-1-6° of French Commercial Code (*Code de commerce*).

However, it cannot be excluded that Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) does not intend to overrule Article L. 632-2 of the French Commercial Code (*Code de commerce*), which provides for a potential nullity of acts which are onerous (*actes à titre onéreux*) if the counterparty of the debtor was aware, at the time of conclusion of such acts, that the debtor was unable to pay its debts due with its available funds (*en état de cessation des paiements*). Should Article L. 632-2 of the French Commercial Code (*Code de commerce*) be deemed applicable, nullity of the Collateral Security could be sought, if the Issuer was aware, at the time where the Collateral Security was granted (or the subject of an addition or a substitution), that the Collateral Provider was unable to pay its debt due with its available funds (*en état de cessation des paiements*). However, within the French legal framework applicable to *sociétés de financement de l'habitat*, Article L. 513-31 of the French Monetary and Financial Code (*Code monétaire et financier*) provides that the provisions of Article L. 632-2 of the French Commercial Code (*Code de commerce*) are not applicable to contracts concluded by a *société de financement de l'habitat*, or to legal transactions made by or in favour of *société de financement de l'habitat*, as far as such contracts or transactions are directly related to the transactions referred to in Articles L. 513-28 to L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*).

### ***No prior notification to debtors under the Home Loan receivables granted as Collateral Security***

The Collateral Security Agreement will provide that the Home Loan receivables, either governed by French law or by Belgian law, will be granted as Collateral Security without notification or information of the underlying debtors of the Home Loans. Such as under French law, in case of the transfer by way of security (*remise en pleine propriété à titre de garantie*) to the benefit of the Issuer of Home Loans governed by Belgian law, the Home Loans are transferred without the need for debtors' involvement.

Such debtors will only be notified if and when the relevant Collateral Security is enforced following the occurrence of a Borrower Event of Default and then title to the Home Loan receivables and related Home Loan Security has been transferred to the Issuer. Notification of such debtors will only be effected once, following such Borrower Event of Default, the relevant Collateral Security has been enforced. As long as no such notification has taken place, any payments made by any debtor under the relevant Home Loan receivables will continue to be validly made by such debtors to the relevant Collateral Provider, even though title to such Home Loan receivables would have been validly transferred to the Issuer upon enforcement of the relevant Collateral Security. Debtors may raise against the Issuer (or the Collateral Security Agent) all rights and defences which existed against the Collateral Provider prior to notification of the assignment.

There is no guarantee that notification to the debtors under the relevant Home Loans will be made at the times mandated and there can be no guarantee or assurance as to the ability of the Issuer to obtain effective direct payment from the debtors under the relevant Home Loans in a sufficiently timely manner, all of which may affect payments under the Covered Bonds. In such circumstances, a shortfall in distributions of interest or repayment of principal to Bondholders may result.

Until notification to the debtors has been given informing them that insolvency proceedings have been opened against the Collateral Providers, a statutory stay of execution under mandatory rules of French insolvency law will prevent the Issuer from taking recourse against the Collateral Providers for repayment of collections received by the Collateral Providers under the relevant Home Loans which are commingled with other funds of the Collateral Providers.

#### ***Set-off by debtors under French law***

Set-off under French law can operate by statute (*compensation légale*) or be agreed by contract (*compensation contractuelle*) or be ordered by court (*compensation judiciaire*).

Statutory set-off operates as of right between two reciprocal debts (*dettes réciproques*) provided that such debts are, at the same time, fungible (*fongibles*), certain (*certaines*), liquid (*liquides*) as well as due and payable (*exigibles*). A contract or a court may expand statutory set-off possibilities where, with respect to two reciprocal and fungible debts, such debts are not at the same time certain, liquid and due and payable. In particular, set-off may not be refused by a court if requested between debts that are deemed mutual (*dettes connexes*) by contract or on an economic standpoint.

Since no provision under the Home Loan agreements expressly allows a debtor to expand statutory set-off possibilities nor expressly provides for a mutuality (*connexité*) between claims owed by a debtor to a Collateral Provider and claims that such debtor may have against such Collateral Provider under other contracts, such as a bank account or a deposit contract, etc. but, at the same time, no provision under the Home Loan agreements expressly provides for a waiver of set-off, a debtor under a Home Loan is entitled to invoke either (i) a statutory or a judicial set-off, or (ii) a set-off based on a mutuality of claims (*connexité*) should such mutuality be provided for by another contract than the Home Loan agreement or the global economic relationship which would exist between a debtor under a Home Loan and a Collateral Provider.

However, a set off such as referred to in (i) or (ii) above may become a risk for the Issuer under the sole circumstances where the Home Loan receivables would have been transferred to the Issuer following the enforcement of a Borrower Event of Default.

Following such transfer and as long as the debtors under the Home Loans would have not been notified of such transfer, the debtors would be entitled to invoke statutory and judicial set-off as if no transfer had taken place. After notification of the transfer, a debtor under a Home Loan would still be entitled to invoke statutory set-off against the Issuer if prior to the notification of the transfer, the above mentioned conditions for statutory set-off were satisfied.

A set off between inter-related debts (*dettes connexes*) is available as of right. Inter-related debts (*dettes connexes*) mainly result from economic inter-relationship. In this latter case, mutuality of claims will be determined on a case by case basis, depending on the factual circumstances then existing. The most likely circumstances where set off would have to be considered are when counterclaims resulting from a current account relationship will allow a debtor to set off such counterclaims against sums due under a Home Loan. In this situation however, French case law stated that there was no mutuality of claims, notwithstanding that the installment under the home loan was to be paid by way of direct debit from the funds standing to the credit of the relevant current account since the parties did not intend to inter relate their current account relationship and the lending transaction on an economical standpoint.

### ***Set-off by debtors under Belgian law***

Notwithstanding the transfer by way of security (*remise en pleine propriété à titre de garantie*) by the Collateral Providers to the Issuer of the relevant Home Loan receivables governed by Belgian law, for so long as the Belgian debtors are not notified of such transfer, the Belgian debtors under such Home Loan receivables may be entitled, under certain conditions, to set-off the relevant Home Loan receivable against a claim they may have *vis-à-vis* the Collateral Providers.

Under Belgian law, set-off rights may continue to arise in respect of reciprocal claims between the debtor and the Collateral Providers, as soon as such reciprocal claims exist and are fungible, liquid (*vaststaand/liquide*) and payable (*opeisbaar/exigible*), potentially reducing amounts to be received by the Issuer under the Home Loan receivables which would have been validly transferred by way of security to the Issuer.

However, the provisions of the Belgian act of 3 August 2012 on various measures to facilitate the mobilization of receivables in the financial sector (*wet betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector / loi relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) as amended from time to time (the "**Belgian Mobilisation Act**") have reduced such risk. The Issuer will no longer be subject to set-off risk: (a) following notification of the transfer of the Home Loan receivable to the debtors (or acknowledgement thereof by the relevant debtors), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement of the transfer, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Collateral Providers, to the extent the conditions for set-off are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

### ***Defence of non-performance under Belgian law***

Under Belgian law, a debtor may in certain circumstances in case of default of its creditor invoke the defence of non-performance, pursuant to which it would be entitled to suspend payment under its obligations until its counterparty has duly discharged its obligations due and payable to the debtor. The exception of nonperformance is subject to various conditions, the most important ones being: (a) the debt in respect of which payment is suspended must be due and must be conditional upon payment of a debt owed by the other party; (b) the other party must have defaulted on its debt, in a material way; (c) the amount/value involved in the suspension must be in proportion to the amount/value of the default; (d) finally, there must be a close interrelationship between the two debts, typically such close interrelationship is accepted to exist where both debts arise under the same contract or otherwise are so closely interrelated that they are a part of a single transaction (as to the possible existence of closely interrelated debts (see "**Set-off by debtors under Belgian law**" above).

If all such conditions are met, the defence of non-performance may be invoked by a debtor in respect of a Home Loan receivable which could potentially reducing amounts to be received by the Issuer under the Home Loan receivables which would have been validly transferred to it.

However, pursuant to the Belgian Mobilisation Act, a debtor cannot invoke the defence of non-performance (a) following notification of the sale or the transfer to the relevant debtors (or acknowledgement thereof by the relevant debtor), to the extent the conditions for defence of non-performance are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement of transfer, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Collateral Providers, to the extent the conditions for defence of non-performance are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

### ***Disproportionate guarantee***

Pursuant to Article L. 650-1 of the French Commercial Code (*Code de commerce*), a creditor may be held liable towards a bankrupt debtor if the credit transferred by it to such debtor entailed a damage and the security interest securing such credit is disproportionate (*disproportionné*) compared to that credit. In such case, such security interest may be void or reduced by the judge.

However, there is only few French case law decisions interpreting and implementing the provisions of Article L. 650-1 of the French Commercial Code (*Code de commerce*) and accordingly, there is an uncertainty as to whether the provisions of Article L. 650-1 of the French Commercial Code (*Code de commerce*) would apply to the Collateral Security. Moreover, Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) expressly provides that the provisions of book VI of the French Commercial Code (*Code de commerce*) shall not impede (*ne font pas obstacle*) the application of Articles L. 211-36 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), save in case of fraud.

### ***Maintenance of value of the Collateral Security prior to or following enforcement thereof***

If the collateral value of the Home Loan receivables granted as Collateral Security in favour of the Issuer pursuant to the Collateral Security Agreement has not been maintained in accordance with the terms of the Asset Cover Test or the Amortisation Test or the other provisions of the Programme Documents, the value of the relevant Collateral Security Assets or any part thereof (both before and after the occurrence of a Borrower Event of Default) or the price or value of such Home Loan receivables and related Home Loan Security upon the sale or refinancing thereof by the Issuer may be affected.

The value of the properties securing the Home Loans may decrease as a result of any number of factors, including the national or international economic climate, regional economic or housing conditions, changes in tax laws, mortgage interest rates, inflation, the availability of financing, yields on alternative investments, increasing utility costs and other day-to-day expenses, political developments and government policies. In addition, as the properties securing the Home Loans are predominantly located in France, the value of such properties may therefore decline in the event of a general downturn in the value of property in France.

In addition, with respect to any sale or refinancing of the Home Loan receivables granted as Collateral Security and the related Home Loan Security to third parties, the Issuer will not be permitted to give warranties or indemnities as to those assets. There is no assurance that representations or warranties previously given by the Collateral Providers with respect to such assets pursuant to the terms of the Collateral Security Agreement may benefit a third party purchaser of such assets upon sale or refinancing thereof by the Issuer. Accordingly, there is a risk that the price or value of such assets upon the sale or refinancing thereof by the Issuer be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Issuer to make payments when due under the relevant Series of Covered Bonds.

The materialisation of any of the foregoing factors could adversely affect the Issuer's business, financial condition, cash flows and results of operations, and may result in the Issuer having insufficient funds to meet its obligations under the Covered Bonds.

#### **IV. RISK RELATED TO THE HOME LOANS AND RELATED HOME LOAN SECURITY**

##### ***Debtors' ability to pay under the Home Loans***

The debtors under the Home Loans are individuals having borrowed under the Home Loans in order to finance the acquisition of real estate property.

If following enforcement of the Collateral Security, the Issuer does not receive the full amount due from the debtors in respect of such Home Loans, this may affect the ability of the Issuer to make payments under the Covered Bonds.

The Issuer may therefore be exposed to the occurrence of credit risk in relation to the debtors under the Home Loans.

None of the Borrower, the Collateral Providers, the Issuer or any other party to the Programme Documents does guarantee or warrant full and timely payment by the debtors under the Home Loans of any sums payable under such Home Loans.

The ability of a debtor under the Home Loans to make timely payment of amounts due under such Home Loans will mainly depend on his assets and his liabilities as well as his ability to generate sufficient income to make payments under the relevant Home Loans. His ability to generate income may be adversely affected by a large number of factors, some of which (i) relate specifically to the debtor himself (including but not limited to his age and health, employment situation, family situation, creditworthiness or expropriation) or (ii) are more general in nature (such as changes in governmental regulations, fiscal policy, etc.).

Furthermore, the French debtors under the Home Loans may benefit from the favourable legal and statutory provisions of the French Consumer Code (*Code de la consommation*), pursuant to which any individual may, under certain circumstances, and subject to certain conditions, request and obtain from a French specialized committee (*Commission de surendettement des particuliers*) a grace period, a reduction of the amount of all and any of its indebtedness and any interest relating thereto and, as the case may be, a full or partial extinguishment of its indebtedness against a credit institution.

##### ***No independent investigation – representations and warranties***

None of the Issuer, the Arranger, the Dealer(s), the Administrator or any other party to any Programme Document has undertaken or will undertake any investigations, searches or other due diligence regarding the Home Loans, the related Home Loan Security or as to the status and/or the creditworthiness of the debtors under the Home Loans. Each of them has relied solely on the representations and warranties given by the Collateral Providers under the Collateral Security Agreement.

If any breach of eligibility criteria relating to any Home Loan is material and (if capable of remedy) is not remedied, the Collateral Providers shall be required under the Collateral Security Agreement to provide sufficient eligible Home Loan receivables in order to maintain compliance with the Asset Cover Test.

Failure to maintain compliance with the Asset Cover Test and/or Minimum Overcollateralisation Ratio may result in the Issuer having insufficient funds to meet its obligations under the Covered Bonds.

##### ***Limited description of the Home Loans***

The Bondholders will not receive detailed statistics or information in relation to the Home Loans or to the Collateral Security Assets, because it is expected that the constitution of the security over the Collateral Security Assets may constantly change due to, for instance, the Collateral Providers granting security over additional and/or new Collateral Security Assets or new Collateral Providers acceding to the Programme. However, each Eligible Home Loan receivables will be required to meet the applicable eligibility criteria and the provisions of the SFH Legal Framework.

### ***Prepayment***

The rate of prepayment of Home Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in debtor's behaviour (including but not limited to home-owner mobility). No guarantee can be given as to the level of prepayment that the Home Loans may experience, and variation in the rate of prepayments of principal on the Home Loans may affect the ability of the Issuer to realise sufficient funds to make payments under the Covered Bonds upon the service of a Borrower Enforcement Notice and then transfer of title to the Home Loans and Home Loan Security in favour of the Issuer.

### ***Changes to the lending criteria of the Collateral Providers***

Each of the Home Loans originated by the Collateral Providers will have been originated in accordance with its lending criteria at the time of origination. It is expected that each Collateral Provider's lending criteria will generally consider type of financed property, term of loan, age of applicant, the loan-to-value ratio, status of applicants and credit history. One of the Home Loans Eligibility Criteria requires that, prior to the date upon which the Home Loan has been made available to the borrower thereof, all lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied. Each of the Collateral Providers retains the right to revise its lending criteria from time to time. If the lending criteria change in a manner that affects the creditworthiness of the Home Loans, that may lead to increased defaults by borrowers thereof and may affect the realisable value of the Collateral Security Assets or part thereof, and the ability of the Issuer to make payments under the Covered Bonds upon the service of a Borrower Enforcement Notice and then transfer of title to the Home Loan receivables and Home Loan Security in favour of the Issuer.

### ***Foreclosing on real property granted as security under French law governed Mortgages***

French legal procedures to be followed in relation to the enforcement of Mortgages governed by French law and related expenses may affect the Issuer's ability to liquidate the properties secured under such mortgages efficiently and in a timely manner.

### ***Mortgage and lender's privilege under French law***

In the specific case of Home Loans governed by French law, pursuant to Articles 2393 *et seq.* of the French Civil Code (*Code Civil*), a mortgage is a security in rem that can be enforced by the beneficiary (the mortgagee) in case of default by the promisor (the mortgagor). Pursuant to Article 2374 of the French Civil Code (*Code Civil*), the lender's privilege (*privilège du prêteur de deniers*) is a lien that can also be enforced by the beneficiary in case of default by the promisor.

A mortgage has two main implications for the ability of the beneficiary to recover upon the promisor's default: (i) a preferential right on the sale of the property, known as *droit de préférence*, and (ii) the lender's right to follow property, known as *droit de suite*.

Pursuant to *droit de préférence*, the beneficiary of a mortgage or a lender's privilege will rank, with respect to sale proceeds, in the order of priority of registration of privileges and mortgages encumbering such property.

Pursuant to *droit de suite*, secured creditors will continue to benefit from the lender's privilege or mortgage, even if the property is transferred by the debtor to a third party without the lenders' consent. If the secured creditor wishes to exercise this right, an order to pay must be served on the debtor by a bailiff and notice must be served on the third party to whom the relevant secured property was transferred (*tiers détenteur de l'immeuble hypothéqué*) with a view to requiring the latter either to pay the debt secured over the property or to surrender the property at an auction.

The exercise of the *droit de suite* is often frozen due to an "advanced clearing" of the privileges and mortgages granted over the relevant property (*purge des privilèges et hypothèques*). If the debtor and all secured creditors agree, in accordance with Article 2475 of the French Civil Code (*Code Civil*), for sale proceeds to be allocated to them, the secured creditors exercise their preferential rights over the sale proceeds, the payment of which will discharge all privileges and mortgages granted over the property (*purge amiable*).

### ***Mortgage Mandates (and similar rights) under Belgian law***

Certain Home Loan may obly be partly secured by a mortgage (meaning that the mortgage is for a lower amount than the initial loan amount).

Generally, the debtor of the relevant Home Loan governed by Belgian law may have granted a mortgage mandate (*hypothecair mandaat / mandate hypothécaire*) or a promise of mortgage (*hypothecair belofte / promesse d'hypothèque*). Neither a mortgage mandate nor a promise of mortgage constitutes an actual security which creates a priority right of payment out of the proceeds of a sale of the mortgaged property. The mortgage mandate is an irrevocable power of attorney granted by a borrower (or a third party provider) to certain attorneys enabling them to create a mortgage as security for the loan (a "**Mortgage Mandate**"), while a promise of mortgage is the mere contractual undertaking of a borrower (or a third party provider) to create a mortgage as security for the loan (a "**Promise of Mortgage**"). An effective mortgage will only become enforceable against third parties upon registration of such mortgage at the Mortgage Registration Office. The ranking of the mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed pertaining to the creation of the Mortgage and the "registration extracts" (*borderellen/bordereaux*) are registered at the Mortgage Registration Office. When a Mortgage Mandate is converted into a Mortgage or a Mortgage is created further to the exercise of a Promise of Mortgage, stamp duties (*registratierechten/droits d'enregistrement*) and other costs will be payable.

The following limitations, amongst others, exist in relation to the conversion of Mortgage Mandates or exercise of a Promise of Mortgage:

- (a) a debtor that has granted a Mortgage Mandate or a Promise of Mortgage may grant a mortgage to a third party that will rank in priority to the Mortgage to be created pursuant to the conversion of the Mortgage Mandate or to the exercise of the Promise of Mortgage, although this would generally constitute a breach of the contractual obligations of such debtor;
- (b) if a conservatory attachment (*bewarend beslag/saisie conservatoire*) or an executory attachment (*uitvoerend beslag/saisie exécution*) on the mortgaged asset has been made by a third party creditor of the debtor, a mortgage registered pursuant to the exercise of the Mortgage Mandate or a Promise of Mortgage after the writ of attachment has been recorded at the Mortgage Registration Office, will not be enforceable against such creditor;
- (c) if a debtor is a merchant or commercial entity, the effectiveness of the Mortgage Mandate or Promise of Mortgage can be limited by insolvency laws applicable to such debtor;

(d) if the debtor, as the case may be, is an individual, and started collective debt settlement proceedings, a mortgage registered at the mortgage register after the judge has declared the request admissible, is not enforceable against the other creditors; and

(e) besides the possibility that the debtor may grant a Mortgage to another lender as referred to above, the mortgage to be created pursuant to a Mortgage Mandate or the Promise of Mortgage may also rank after certain legal mortgages (such as *e.g.* the legal Mortgage of the Treasury) to the extent these mortgages are recorded with the Mortgage Registration Office before the exercise of the Mortgage Mandate or the Promise of Mortgage.

However, for Home Loans which are partially secured by a Mortgage, only the portion of Home Loans which are effectively secured by a mortgage will be taken into account for the calculation of the cover ratio.

### ***Shared Mortgages***

Certain Home Loans constitute term advances under a revolving credit facility (*kredietopening / ouverture de crédit*). Moreover, mortgages (*hypothek / hypothèque*) securing Home Loans may further secure other advances or loans made from time to time under such revolving credit facility in addition all other amounts which a debtor owes or in the future may owe to the Collateral Provider acting as lender. A mortgage which secures all other amounts which the debtor owes or in the future may owe to the Collateral Provider acting as a lender under the revolving credit facility in addition to the Home Loan or the revolving credit facility is called an all sums mortgage (*alle sommen hypothek / hypothèque pour toute somme*) (an “**All Sums Mortgage**”). As a consequence of the assignment of a Home Loan to the Issuer, the Issuer and the Collateral Provider may thus share the benefit of the same mortgage (a “**Shared Mortgage**”) since it will secure both the Home Loan (security in favour of the Issuer) and other loans originated under the same revolving credit facility, if any, or any other obligations owing from time to time to the Collateral Provider, if any (security in favour of the Collateral Provider).

Pursuant to Article 81*quater* of the Belgian mortgage Act of 16 December 1851 (*Hypothekwet / Loi hypothécaire*) (the “**Belgian Mortgage Act**”), advances granted under a revolving facility secured by a mortgage can be transferred to a credit institution, such as the Issuer. Furthermore, pursuant to Articles 81*quater* and 81*quinquies* of the Belgian Mortgage Act, an advance or loan secured by an All Sums Mortgage which is transferred to a credit institution, such as the Issuer, shall rank in priority to any debt which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. However, whereas the transferred loan ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage, unless contractually deviated.

### ***Foreclosure***

Most of the rules on enforcement proceedings have been codified in a new code entered into force on 1<sup>st</sup> June 2012<sup>21</sup>. Rules regarding foreclosure can be found under Articles L.311-1 *et seq.* and R. 321-1 *et seq.* of the French Code of Civil Enforcement Procedures (*Code des procédures civiles d'exécution*).

Specific rules are provided for lender’s privileges and mortgages registered in the French departments of Haut-Rhin, Bas-Rhin and Moselle. These specific rules do not substantially change the outline of the procedures set out below.

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<sup>21</sup> Decree no. 2012-783 of 30 May 2012 and order no. 2011-1895 of 19 December 2011 on the legislative section of the French Code of Civil Enforcement Procedures (*Code des procédures civiles d'exécution*).

Foreclosure on property located in France by secured creditors may require the sale of the property at a public auction if the sale cannot be made voluntarily by the debtor (*conversion en vente volontaire* or *à l'amiable*). The foreclosure procedure may take up to one and a half (1.5) years in normal circumstances.

Pursuant to Article R. 321-1 *et seq.* of the French Code of Civil Enforcement Procedures (*Code des procédures civiles d'exécution*), the first step in the foreclosure procedure consists in delivering a foreclosure notice to the debtor by a bailiff or process server (*commandement de saisie immobilière*). This notice is filed at the French Land and Charges Registry (known since 1<sup>st</sup> January 2013 as the *fichier immobilier*) having jurisdiction in the district where the real property is located.

The next step is to instruct a local lawyer to prepare the terms of the sale of the property at auction, including the reserve price of the relevant real property (such instruction is not mandatory in the departments of Haut-Rhin, Bas-Rhin and Moselle).

Finally, a number of legal notices must be given prior to the sale. The debtor may file objections against such foreclosure (including the reserve price), the validity of which will be decided by a competent court. If no bid is made at the public auction, and provided there is only one (1) foreclosing creditor, such foreclosing creditor is declared the highest bidder and is thus obliged to purchase the property at the reserve price specified in the terms of the sale.

If no agreement is reached (for instance if the sale price of the property is substantially below the amount of the secured debt), the third party will still be entitled to offer to pay the sale price to the secured creditors in order to clear all privileges and mortgages granted over the relevant property (*purge judiciaire*, Articles 2476 *et seq.* of the French Civil Code (*Code Civil*)). Secured creditors may refuse this offer if they believe that the sale price has been underestimated by the debtor and the third party. In this case, an auction will be ordered with a minimum bid corresponding to the price offered by the relevant third party to the secured creditor, plus ten per cent (10%).

The Issuer's ability to liquidate the properties secured under the Home Loans efficiently and in a timely manner, and in turn to make payments when due on the Covered Bonds, may be adversely affected by the legal procedures described above.

### ***Insolvency proceedings***

Furthermore, the Issuer's ability to liquidate the properties secured under the Home Loans efficiently and in a timely manner, and in turn to make payments when due on the Covered Bonds, may be adversely affected by the initiation of insolvency proceedings, which would result in a stay of proceedings against the mortgagor, including foreclosure. Such insolvency proceedings would result in further delay for the mortgagee.

The Issuer's ability to liquidate the properties secured under the Home Loans efficiently and in a timely manner may be adversely affected by indebtedness of physical persons. If those persons have initiated proceedings with the household debt commission (*depôt de dossier devant la commission de surendettement*), the foreclosure procedure may be suspended pursuant to Articles R.322-15 to R.322-19 of the French Code of Civil Enforcement Procedures (*Code des procédures civiles d'exécution*). Such insolvency proceedings would result in further delay for the mortgagee.

### ***Enforcement of Home Loan Guarantees***

If following enforcement of the Collateral Security in favour of the Issuer and notification of the debtors under the Home Loans and then enforcement of its rights by the Issuer under the relevant Home Loan Guarantees against the guarantor, the later does not pay in whole or in part any amounts due under the relevant Home Loan Guarantee for whatever reason or does not pay such amounts in a timely manner, this may affect the ability of the Issuer to make payments under the Covered Bonds.

## V. RISKS RELATING TO THE OPERATIONS OF THE ISSUER

### *Interest and currency risks*

According to Article 12 of the Regulation (*réglement*) no. 99-10 dated 9 July 1999, as amended, issued by the *Comité de la Réglementation Bancaire et Financière* (Banking and Financial Regulation Committee) ("**CRBF Regulation**"), the Issuer shall dispose of a system for measuring overall interest rate risks under the conditions set forth in Articles 134 to 139 of the *arrêté* dated 3 November 2014 relating to the internal control of credit institutions, payment services and investment services subject to the supervision of the *Autorité de contrôle prudentiel et de résolution*. The level of rate and maturity matching between the assets and the liabilities of the Issuer shall be verified by the Specific Controller.

Each Borrower Advance granted by the Issuer to the benefit of the Borrower under the Borrower Facility Agreement shall be made available in the same Specified Currency and according to the same interest conditions to those applicable to the Covered Bonds funding such Borrower Advance. As a consequence, as long as a Borrower Event of Default has not occurred, the Issuer shall not be exposed to any currency and interest risk regarding the Borrower Advances and the Covered Bonds.

There is no assurance that the Home Loan receivables that are part of the Collateral Security bear interest by way of the same conditions as those of the Covered Bonds and are denominated in the same currency as the Covered Bonds. Upon the occurrence of a Borrower Event of Default and the enforcement of the Collateral Security, Home Loan receivables and related Home Loans Security will be transferred to the Issuer. In order to hedge any interest rate or currency risk, the Issuer shall enter into any hedging agreement(s) or put in place any other coverage mechanism(s) such as without limitation, overcollateralisation, cash reserve, or selection rules for the Home Loan receivables. On the date of this Base Prospectus, potential interest risk is covered by an overcollateralisation between the Collateral Security Assets and the Covered Bonds.

### *Liquidity risk*

The Issuer is legally bound to ensure at any time adequate coverage of its liquidity needs for a 180 calendar days period by any of the assets set on in Article R. 513-7 of the French Monetary and Financial Code (*Code monétaire et financier*) (see section "**Summary of the SFH Legal Framework - Liquidity needs coverage**"). Pursuant to Article R. 513-7 of the French Monetary and Financial Code (*Code monétaire et financier*), the assessment of the Issuer's liquidity needs must be made by taking into account expected principal and interests inflows due to the Issuer under the Collateral Security Assets and net flows under hedging agreement(s) (if any).

Any such liquidity needs must be covered by the Issuer with eligible Legal Substitution Assets or with assets that are eligible as collateral to the credit transactions (*opérations de crédit*) of the Banque de France in accordance with the monetary policy and intra-day credit operations rules of the Eurosystem. The Issuer may also benefit from additional contractual undertakings, such as, at the date of this Base Prospectus, an obligation of the Cash Collateral Provider to fund a Cash Collateral into the credit of the Cash Collateral Account in the conditions described in sections "**Material Contracts**", "**Asset Monitoring - The Legal Liquidity Reserve**" and "**Asset Monitoring - The Pre-Maturity Test**".

In any case, if the Issuer is not able to cover its liquidity needs with any of the tools and instruments legally and contractually available to it, the Issuer would still be allowed to subscribe for its own *obligations de financement de l'habitat*, within the limit of ten (10) per cent. of the total outstanding amount (*encours total*) of the resources benefiting from the Privilège as at the date of their subscription, for the sole purpose of granting them as collateral to credit transactions (*opérations de crédit*) of the Banque de France in accordance with the provisions of Article L. 513-26 of the French Monetary and Financial Code (*Code monétaire et financier*) (see section "**Summary of the SFH**

**Legal Framework - Subscription by the *société de financement de l'habitat* of its own obligations de financement de l'habitat as eligible collateral with the Banque de France").**

In addition, pursuant to the Regulation (*réglement*) no. 99-10 dated 9 July 1999, as amended, issued by the CRBF Regulation, the Issuer must ensure that the average life of its assets does not exceed a certain duration the average life of its liabilities benefiting from the *Privilège* (see section "**Summary of the SFH Legal Framework - Liquidity needs coverage**").

***Operational risk involving the information systems***

The Issuer having no human resources, its technical administration has been subcontracted to its parent, Crédit Mutuel Arkéa. The security of the Crédit Mutuel Arkéa Group's information systems is managed within Crédit Mutuel Arkéa. A security policy has been defined, including directives and operating procedures broken down by risk sector: physical security, security of system access control, security of data bases and applications and security of continued operations.

**VI. RISKS RELATED TO COVERED BONDS GENERALLY**

***The Covered Bonds may not be a suitable investment for all investors***

Each prospective investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the information contained in this Base Prospectus or any applicable supplement to this Base Prospectus and the relevant Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Covered Bonds and the impact the relevant Covered Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) ensure that, in terms of any legislation or regulatory regime applicable to such investor, what restrictions (if any) there are on its ability to invest in Covered Bonds generally and in any particular type of Covered Bonds.

Some Covered Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the prospective investor's overall investment portfolio.

### ***Modification of the Conditions***

Subject to the provisions of the relevant Final Terms, the Bondholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interest in a *Masse*, as defined in Condition 12, and matters affecting their interests are generally adapted either through a General Meeting or by unanimous consent following a written consultation. The terms and conditions of the French law Covered Bonds permit in certain cases defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant General Meeting and Bondholders who voted in a manner contrary to the majority. General Meetings or written consultations may deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 12.

### ***Change of law***

The terms and conditions of the French law Covered Bonds are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or administrative practice after the date of this Base Prospectus.

### ***Potential impact of the European harmonisation of the legal and regulatory framework applicable to covered bonds***

No assurance can be given as to the impact of any measures that could impact the legal and regulatory framework applicable to covered bonds in force at the date of this Base Prospectus. In particular, the European Commission has proposed on 12 March 2018 for two legislative acts (a Directive and a Regulation) designed to harmonise the existing rules on covered bonds throughout the European Union. The proposals are currently under discussion in the European Parliament and in the Council. The impact of the new legal and regulatory framework applicable to the covered bonds (including the Covered Bonds) cannot yet be fully estimated.

### ***Taxation***

Prospective purchasers and sellers of the Covered Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Covered Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Covered Bonds. Prospective investors are advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Covered Bonds. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant supplement to the Base Prospectus.

### ***The proposed financial transactions tax (FTT)***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

On 16 March 2016, Estonia officially indicated that it will no longer to be a Participating Member State.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in article 5 (c) of Regulation (EC) no. 1287/2006/EC are exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings where at least one party is a financial institution established in a Participating Member State, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate and/or Participating Member States may decide to withdraw.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

### ***Rating of the Covered Bonds and Rating Affirmation***

The ratings assigned to the Covered Bonds by the Rating Agencies are based on the *Privilège*, the Collateral Security, the Home Loans and Home Loan Security, the Cash Collateral and the other relevant structural and credit enhancement features provided for under the Programme Documents, including, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt rating of the parties to the Programme Documents, and reflects only the views of the Rating Agencies. The S&P and Moody's ratings address the likelihood of full and timely receipt by any of the relevant Bondholders of interest on the Covered Bonds and the likelihood of receipt by any of the relevant Bondholders of principal of the Covered Bonds by the relevant Final Maturity Date..

There is no assurance that any such ratings will continue for any period of time or that it will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant.

A qualification, downgrade or withdrawal of the rating mentioned above may impact upon both the value of the Covered Bonds or their marketability in secondary market transactions.

The Rating Agencies will be notified of the exercise of certain discretions exercised by or on behalf of the Issuer under the Programme Documents. However, the Rating Agencies are under no obligation to revert to the Issuer (or any of its agents) regarding the impact of the exercise of such discretion on the ratings of the Covered Bonds and any decision as to whether or not to confirm, downgrade, withdraw or qualify the rating of all classes or any class of Covered Bonds based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the relevant action has been taken.

Agencies other than the Rating Agencies could seek to rate the Covered Bonds and if such unsolicited rating are lower than the comparable rating assigned to the Covered Bonds by the Rating Agencies, those unsolicited rating could have an adverse effect on the value and the marketability of the Covered Bonds. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Base Prospectus are to rating assigned by the specified Rating Agencies only.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time and without prior notice by the assigning rating agency.

### ***CRD IV package and new capital requirements***

The framework of the Basel Committee for Banking Supervision has been implemented under EU legislation through the "CRD IV package" which consists of the Capital Requirements Directive no. 2013/36/EU dated 26 June 2013 ("**CRD IV**") and the Capital Requirements Regulation no. 575/2013 dated 26 June 2013 ("**CRR**"). A number of requirements arising from the CRD IV package was implemented under French law by the Banking Law, as amended by the *Ordonnance* (as defined above). The implementation of the CRD IV package was finalized under French law by *ordonnance* no. 2014-158 dated 20 February 2014 at the legislative level and several *décrets* and *arrêtés* dated 3 November 2014.

The implementation of CRD IV package has and will continue to bring about a number of substantial changes to the current capital requirements, prudential oversight and risk-management systems, including those of the Issuer. The direction and the magnitude of the impact of CRD IV package will depend on the particular asset structure of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer may operate its business in ways that are less profitable than its present operation in complying with the new guidelines resulting from the transposition and application of the CRD IV package.

In addition, the implementation of CRD IV package could affect the risk weighting of the Covered Bonds in respect of certain investors to the extent that those investors are subject to the new guidelines resulting from the implementation of the CRD IV package. Accordingly, recipients of this Base Prospectus should consult their own advisers as to the consequences and effects the implementation of the CRD IV package could have on them.

On 23 November 2016, the European Commission issued several legislative proposals proposing to amend a number of key EU banking directives and regulations, including the CRD IV, the BRRD and the Single Resolution Mechanism Regulation (as these terms are defined above). If adopted, these legislative proposals would, among other things, give effect to the Total Loss-absorbing Capacity ("**TLAC**") term sheet set forth in the document dated 9 November 2015 published by the Financial Stability Board, entitled "Principles on Loss- absorbing and Recapitalisation Capacity of G-SIBs in Resolution" as amended from time to time (the "**FSB TLAC Term Sheet**") and modify the requirements applicable to the "minimum requirement for own funds and eligible liabilities" ("**MREL**"). On 25 May 2018, the Council of the European Union stated its position on these proposals. Negotiations with the European Parliament have not started yet, therefore it is not yet possible to assess whether these proposals will be adopted in full or what their impact will be on the issuer's activity.

### ***Certain decisions of Bondholders taken at Programme level***

Any resolution to direct the Representative to serve an Issuer Enforcement Notice, and any direction to the Representative to take any action as provided under this Base Prospectus must be passed at a single meeting of the Bondholders of a single Series then outstanding and can not be decided upon at a meeting of the Bondholders of all Series. Any resolution to direct the Representative to serve an Issuer Enforcement Notice will be effective for all the Bondholders, including the Bondholders who did not attend and vote at the relevant meeting and the Bondholders who voted in a manner contrary.

## **VII. RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF COVERED BONDS**

Covered Bonds issued under the Programme will either be fungible with an existing Series (other than the German law Covered Bonds which will be issued in materialised registered form) or have different terms to an existing Series (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects.

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for prospective investors. Set out below is a description of the most common such features.

#### ***Covered Bonds subject to optional redemption by the Issuer***

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of such Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer will redeem Covered Bonds when it appears that the Borrower is about to redeem the corresponding Borrower Advance(s) and the Borrower may be expected to redeem such corresponding Borrower Advance(s) when the general cost of borrowing of the Borrower is lower than the interest rate on such Borrower Advance(s). At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

#### ***Soft Bullet Covered Bonds may be redeemed after their initial maturity date***

The Final Maturity Date of the Soft Bullet Covered Bonds may be extended automatically up to and including the Extended Final Maturity Date (as specified in the applicable Final Terms). The payment of the Final Redemption Amount may be automatically deferred and shall become due and payable on the Extended Final Maturity Date if so specified in the relevant Final Terms. Interest will continue to accrue on any unpaid amount during such extended period and be payable on each Interest Payment Date and on the Extended Final Maturity Date in accordance with the applicable Conditions.

#### ***Fixed Rate Covered Bonds***

Investment in Covered Bonds which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Covered Bonds.

#### ***Floating Rate Covered Bonds***

Investment in Covered Bonds which bear interest at a floating rate comprises (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Covered Bonds but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Covered Bonds may be volatile in case of changes in the margin prevailing in the floating rate covered bond market for comparable Covered Bond Issuer or if changes, particularly short-term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Covered Bonds upon the next periodic adjustment of the relevant reference rate.

A key difference between Floating Rate Covered Bonds and Fixed Rate Covered Bonds is that interest income on Floating Rate Covered Bonds cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Covered Bonds at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the Conditions of the Covered Bonds provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

### ***Fixed/Floating Rate Covered Bonds***

Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, from a floating rate to a fixed rate, from a fixed rate to another fixed rate or from a floating rate to another floating rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

### ***Zero Coupon Covered Bonds***

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Covered Bonds than on the prices of ordinary Covered Bonds because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Covered Bonds can suffer higher price losses than other Covered Bonds having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Covered Bonds are a type of investment associated with a particularly high price risk.

### ***Risk relating to Benchmarks Regulation and other reforms and to certain benchmark rates that may be administered differently or discontinued in the future, including LIBOR***

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR, LIBOR and EUR-CMS) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Covered Bonds linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applies since 1st January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Floating Rate Covered Bonds linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR, LIBOR and EUR-CMS): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material

adverse effect on the value of and return on any Floating Rate Covered Bonds linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Floating Rate Covered Bonds linked to or referencing a "benchmark".

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Any of the above changes or any other consequential changes to benchmarks as a result of European Union, UK, or other international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the trading market for, value of and return on the Covered Bonds.

If the Relevant Rate has been discontinued or an Administrator/Benchmark Event (as further described in Conditions 6 (c)(iii)(B)(4)) has occurred, the Rate of Interest on the affected Floating Rate Covered Bonds will be changed in ways that may be adverse to holders of such Floating Rate Covered Bonds, without any requirement that the consent of such holders be obtained.

Pursuant to the Conditions of any applicable Floating Rate Covered Bonds, if the Issuer in consultation with the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, at any time that the screen rate that constitutes the Relevant Rate for such Covered Bonds has been discontinued, or the relevant Benchmark is materially modified, permanently discontinued or prohibited, or, in certain circumstances as more fully described in the Conditions of the Covered Bonds, the Benchmark or the sponsor thereof is not approved under applicable law or rejected, withdrawn or suspended by the relevant regulator, then the Issuer will be required to appoint a Relevant Rate Determination Agent (which may be (i) a leading bank or a broker-dealer in the Principal Financial Centre of the Specified Currency (which may include one of the Dealers involved in the issue of the Covered Bonds), (ii) an independent financial adviser, (iii) an affiliate of the Issuer and/or (iv) the Calculation Agent) who will determine a Replacement Relevant Rate, acting in good faith and in a commercially reasonable manner, as well as any necessary concomitant changes to the Business Day Convention, the definition of Business Day, the Interest Determination Date, the Day Count Fraction, and any method for obtaining the Replacement Relevant Rate, including any changes or adjustments necessary to make such Replacement Relevant Rate as comparable as possible to the previous Relevant Rate. Such Replacement Relevant Rate and any such other changes will (in the absence of manifest error) be final and binding on the Bondholders, the Issuer, the Calculation Agent, the Fiscal Agent and any other person and each Bondholder shall be deemed to have accepted the Replacement Relevant Rate and such related changes and adjustments which will thenceforth apply to the relevant Floating Rate Covered Bonds.

The Replacement Relevant Rate may have no or a very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, given the uncertainty concerning the availability of successor rates and the involvement of a Relevant Rate Determination Agent, the relevant fallback provisions may not operate as intended at the relevant time and the replacement rate may perform differently from the discontinued Benchmark.

There can be no assurance that any change or adjustment applied to any Series of Floating Rate Covered Bonds will adequately compensate for this impact. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Bondholder, any such adjustment will be favorable to each Bondholder. This could in turn impact the Rate of Interest on, and trading value of, the affected Floating Rate Covered Bonds. Moreover, any holders of such Covered Bonds that enter into hedging instruments based on the Relevant Rate may find their hedges to be ineffective, and they may incur costs in unwinding such hedges and replacing them with instruments tied to the Replacement Relevant Rate.

If the Relevant Rate Determination Agent is unable to determine an appropriate Replacement Relevant Rate for any Relevant Rate on or prior to the next following Interest Determination Date, then the provisions for the determination of the Rate of Interest on the affected Floating Rate Covered Bonds will not be changed. In such cases, the Conditions of the Covered Bonds provide that the Rate of Interest on such Covered Bonds will be calculated based on the last Relevant Rate observable on the Relevant Screen Page as determined by the Calculation Agent, effectively converting such Covered Bonds into fixed rate Covered Bonds. In such circumstances and a rising interest rate environment, holders of such Covered Bonds will, consequently, not benefit from any increase in rates. The trading value of such Covered Bonds could therefore be adversely affected.

#### ***Covered Bonds issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***Forecasts and estimates***

Estimates of the weighted average lives of the Covered Bonds contained in this Base Prospectus, together with any other projections, forecasts and estimates in this Base Prospectus are forward-looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be wholly correct or will vary from actual results. Consequently, the actual results might differ from the projections and such differences might be significant.

### **VIII. RISKS RELATED TO THE MARKET GENERALLY**

#### ***Market value of the Covered Bonds***

The market value of the Covered Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the market interest and yield rates and the time remaining to the maturity date.

#### ***The secondary market generally***

French law Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. German law Covered Bonds will not be admitted to trading on any stock exchange or any other market and a secondary market will probably not develop through other means. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and

more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Covered Bonds.

In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Covered Bonds. Such lack of liquidity may result in investors suffering losses on the Covered Bonds in secondary resales even if there is no decline in the credit strength of the Issuer or the performance of the Collateral Security Assets. The Issuer cannot predict when these circumstances will change and if and when they do whether there will be a more liquid market for the Covered Bonds and instruments similar to the Covered Bonds at that time.

***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

Words and expressions defined in the section entitled "Terms and Conditions of the French law Covered Bonds" below shall have the same meanings in this general description. Unless otherwise specified, the expression "Covered Bonds" shall include the French law Covered Bonds and the German law Covered Bonds to the extent permitted by the terms and conditions applicable to the French law Covered Bonds and the German law Covered Bonds, as applicable.

### 1. THE PARTIES UNDER THE PROGRAMME

<b>Issuer:</b>	Arkéa Home Loans SFH, a limited liability company ( <i>société anonyme</i> ) incorporated under French law and duly licensed French specialised credit institution ( <i>établissement de crédit spécialisé</i> ) with the status of <i>société de financement de l'habitat</i> (see section " <b>The Issuer</b> ").
<b>Arranger:</b>	Crédit Mutuel Arkéa.
<b>Administrator, Borrower, Issuer Accounts Bank, Issuer Calculation Agent, Collateral Security Agent, Cash Collateral Provider:</b>	Crédit Mutuel Arkéa.
<b>Collateral Providers:</b>	Crédit Mutuel Arkéa, the Crédit Mutuel Entities and any Other Entity.
<b>Dealer(s):</b>	Crédit Mutuel Arkéa.  The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to " <b>Permanent Dealer(s)</b> " are to Crédit Mutuel Arkéa as Dealer and to any such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " <b>Dealer(s)</b> " are to all Permanent Dealers and any such persons appointed as a dealer in respect of one or more Tranches.
<b>Fiscal Agent, Principal Paying Agent, Paris Paying Agent and Calculation Agent in respect of the French law Covered Bonds:</b>	BNP Paribas Securities Services.
<b>Luxembourg Listing Agent in respect of the French law Covered Bonds:</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Rating Agencies:</b>	S&P Global Ratings and Moody's Investors Services Ltd

<b>Asset Monitor:</b>	Deloitte & Associés
<b>Specific Controller:</b>	Cailliau Dedouit et Associés
<b>Substitute Specific Controller:</b>	Mr. Rémi Savournin

## 2. THE PROGRAMME

<b>Description:</b>	Programme for the continuous offer of Covered Bonds called " <i>obligations de financement de l'habitat</i> " within the meaning of Article L. 513-30 of the French Monetary and Financial Code ( <i>Code monétaire et financier</i> ), the principal and interest of which benefit from the <i>Privilège</i> (statutory priority in right of payment) created by Article L. 513-11 of the French Monetary and Financial Code ( <i>Code monétaire et financier</i> ). See section " <b>Summary of the SFH Legal Framework</b> ".
<b>Programme Limit:</b>	Up to €10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Covered Bonds outstanding at any one time.
<b>Method of Issue:</b>	The Covered Bonds may be distributed on a syndicated or non-syndicated basis. The Covered Bonds will be issued in series (each a " <b>Series</b> ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other Covered Bonds of that Series.
<b>Issuable in Series; Tranches:</b>	<p>The Covered Bonds will be issued in Series. Each Series may be issued in Tranches on the same or different issue dates.</p> <p>The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the Final Terms of such Tranche.</p>
<b>Maturities:</b>	<p>Subject to compliance with all relevant laws, regulations and directives, the Covered Bonds may have any maturity as specified in the relevant Final Terms (the "<b>Final Maturity Date</b>"), subject to such minimum maturity as may be required by the applicable legal and/or regulatory requirements.</p> <p>An extended final maturity date (the "<b>Extended Final Maturity Date</b>") may be specified in the relevant Final Terms of a Series of Covered Bonds in accordance with the applicable Conditions, each such Covered Bonds being referred to as "<b>Soft Bullet Covered Bonds</b>".</p>
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Covered Bonds may be issued in Euro, U.S. dollars, Yen, Swiss Francs and, subject to prior Rating Affirmation (as

defined below), in any other currency agreed between the Issuer and the relevant Dealer(s).

- Denomination(s):** The Covered Bonds will be issued in the Specified Denomination(s) (as defined herein) set out in the relevant Final Terms, provided that all Covered Bonds admitted to trading on a Regulated Market in a Member State of the European Union in circumstances which require the publication of a prospectus under the Prospectus Directive, shall have a minimum denomination of €1,000 (or its equivalent in any other currency at the time of issue) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Dematerialised Covered Bonds will be issued in one (1) denomination only.
- Status:** Subject to the Priority Payment Orders, the Covered Bonds and, where applicable, any related Coupons will constitute direct, unconditional, unsubordinated and privileged obligations of the Issuer and will rank *pari passu* without any preference among themselves and equally and rateably with all other present and future obligations (including the Covered Bonds of all other Series) and other resources raised by the Issuer benefiting from the *Privilège*. The Covered Bonds are issued under Articles L. 513-28 to L. 513-32 of the French Monetary and Financial Code (*Code monétaire et financier*). Holders of Covered Bonds benefit from the *Privilège* (priority in right of payment) provided for in Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) over all the assets and revenues of the Issuer.
- See Condition 5(b) under section "**Terms and Conditions of the French law Covered Bonds**".
- Negative Pledge:** There will be a negative pledge as set out in Condition 5(a) under section "**Terms and Conditions of the French law Covered Bonds**".
- Issuer Event of Default:** Under certain circumstances, subject to the legal framework applicable to a *société de financement de l'habitat* ("**SFH**"), upon the occurrence of an Issuer Event of Default (as set out in Condition 10 under section "**Terms and Conditions of the French law Covered Bonds**"), the Representative or holders of any series of the French law Covered Bonds or holders of a German law Covered Bond may be able to cause the principal amount of all Covered Bonds of such Series or such German law Covered Bond to become immediately due and payable (but subject to the relevant Priority Payment Order), together with any accrued interest thereon, as of the date on which the notice for payment is received by the Fiscal Agent.
- Redemption Amount:** Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the redemption amounts payable calculated in accordance with the applicable Conditions.
- Optional Redemption:** The Final Terms issued in respect of each Tranche will state whether such Covered Bonds may be redeemed prior to their stated

maturity at the option of the Issuer (either in whole or in part) and/or the Bondholders, and if so the terms applicable to such redemption.

**Early Redemption:**

Except as provided in section "**Optional Redemption**" above, Covered Bonds will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons (as provided in Condition 7(f)) or illegality (as provided in Condition 7(g)).

**Taxation:**

All payments of principal and interest and other revenues to be made by or on behalf of the Issuer in respect of the Covered Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such a withholding or deduction is required by the French law, the Issuer will have to gross-up its payments to the fullest extent then permitted by law and subject to certain exceptions.

A more detailed description of the tax regime applicable to the Covered Bonds is contained in section "*Taxation*".

**Interest Periods and Interest Rates:**

The length of the interest periods for the Covered Bonds and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. The Covered Bonds may have a maximum interest rate, a minimum interest rate or both. The use of interest accrual periods permits the Covered Bonds to bear interest at different rates in the same interest period. All such information (except the method of calculation) will be set out in the relevant Final Terms.

**Fixed Rate Covered Bonds:**

Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Covered Bonds:**

Floating Rate Covered Bonds will bear interest determined separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, INC., and as amended and updated as at the issue date of the first Tranche of the Covered Bonds of the relevant Series, or
- (b) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service which shall be either EURIBOR, LIBOR or EUR-CMS,

in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms.

Floating Rate Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both.

For the avoidance of doubt, the minimum rate of interest shall not be, in any case, lower than zero.

**Fixed/Floating  
Covered Bonds: Rate**

Fixed/Floating Rate Covered Bonds are Covered Bonds for which a change of interest basis is specified to be applicable in the relevant Final Terms.

**Zero Coupon Covered  
Bonds:**

Zero Coupon Covered Bonds may be issued at their nominal amount or at a discount to it and will not bear interest.

**Form of Covered Bonds:**

**French law Covered Bonds**

French law Covered Bonds may be issued in either dematerialised form ("**Dematerialised Covered Bonds**") or materialised form ("**Materialised Covered Bonds**").

Dematerialised Covered Bonds may, at the option of the Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either fully registered form (*au nominatif pur*) or administered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Covered Bonds.

Materialised Covered Bonds will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Covered Bonds. Materialised Covered Bonds may only be issued outside France.

**German law Covered Bonds**

German law Covered Bonds will be issued in materialised registered form.

**Representation of French  
law Bondholders:**

French law Bondholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the French Law Bondholders.

**Governing Law:**

French law Covered Bonds will be governed by, and construed in accordance with, French law.

The Issuer may from time to time issue German law Covered Bonds governed by, and construed in accordance with, German law (except for the *Privilège*, which will be governed by French law). The terms and conditions of the German law Covered Bonds are

contained in the Agency Agreement.

The French law Covered Bonds and German law Covered Bonds will benefit from the same security and rights.

**Central Depository:**

Euroclear France in respect of Dematerialised Covered Bonds.

**Clearing Systems:**

Euroclear France as central depository in relation to Dematerialised Covered Bonds and, in relation to Materialised Covered Bonds, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Initial Delivery of  
Dematerialised Covered  
Bonds:**

At least one (1) Paris business day before the issue date of each Tranche of Dematerialised Covered Bonds, the *Lettre comptable* relating to such Tranche shall be deposited with Euroclear France as Central Depository.

**Initial Delivery of  
Materialised Covered  
Bonds:**

On or before the issue date for each Tranche of Materialised Covered Bonds, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Issue Price:**

Covered Bonds may be issued at their nominal amount or at a discount or premium to their nominal amount. The issue price of the Covered Bonds will be specified in the relevant Final Terms.

**Listing and Admission to  
Trading on a regulated  
market:**

Application has been made for French law Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and/or any other Regulated Market in the EEA in accordance with the Prospectus Directive and/or any other market as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Covered Bonds may be unlisted.

The German law Covered Bonds will not be admitted to trading.

**Rating:**

Covered Bonds issued under the Programme are expected on issue to be rated AAA by S&P Global Ratings and Aaa by Moody's Investors Services Ltd. The ratings of the Covered Bonds will be specified in the relevant Final Terms.

As of the date of this Base Prospectus, the Rating Agencies are established in the European Union and registered under Regulation (EU) no. 1060/2009 as amended by Regulation (EU) no. 513/2011 (the "**CRA Regulation**"), as amended and included in the list of

registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

There are restrictions on the offer and sale of Covered Bonds and the distribution of offering material in various jurisdictions. In connection with the offering and sale of a particular Tranche of any particular Series, additional selling restrictions may be imposed in the relevant supplement to the Base Prospectus (see section "**Subscription and sale**").

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act.

Materialised Covered Bonds will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation issued under the U.S. Internal Revenue Code of 1986 as amended (the "**Code**") section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Covered Bonds are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation issued under Code section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**C Rules**") or (ii) such Materialised Covered Bonds are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Covered Bonds will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The relevant Final Terms will specify whether TEFRA Rules are applicable and, in this case, if TEFRA C or D are applicable.

**3. GENERAL INFORMATION**

**General Information:**

Copies of this Base Prospectus and various other documents are available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the registered office of the Issuer and at the specified office of the Paying Agent(s).

## **PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

Arkéa Home Loans SFH accepts responsibility for the information contained or incorporated by reference in this document and the Final Terms of each Tranche of the Covered Bond issued under the Programme. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

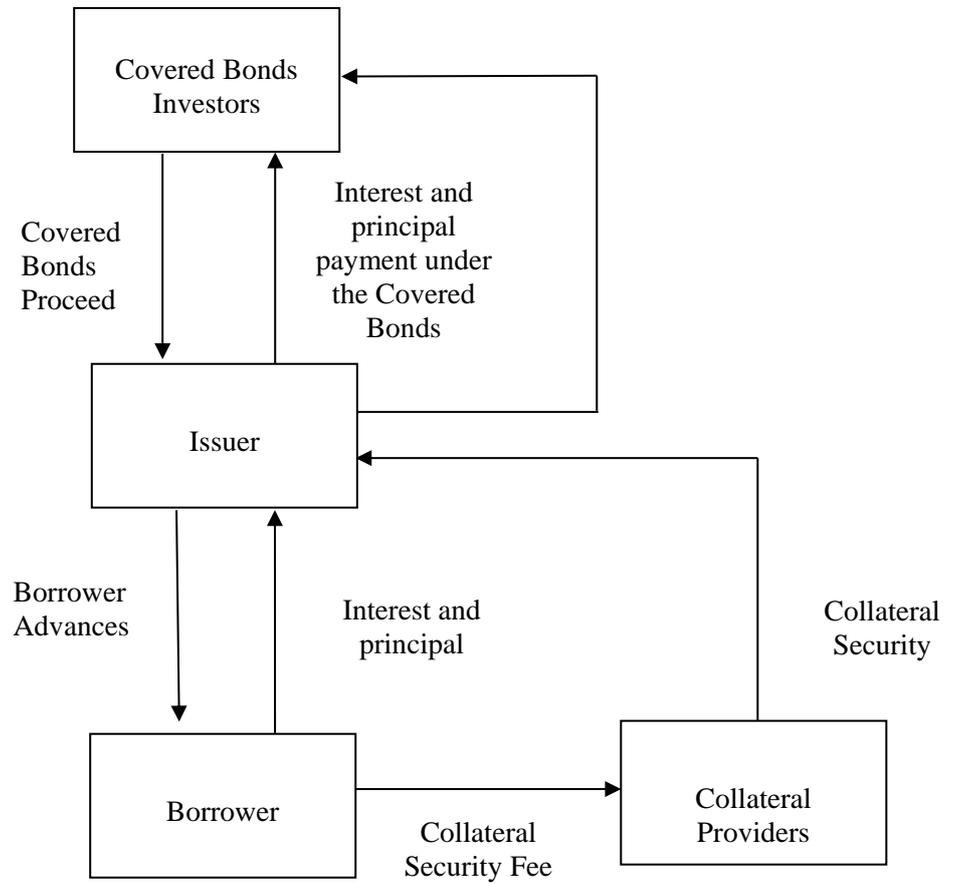
Paris, 13 September 2018

### **Arkéa Home Loans SFH**

232, rue du Général Paulet, B.P. 103  
29802 Brest Cedex 9  
France

Represented by: Jean-Luc Le Pache  
Deputy Chief Executive Officer

## STRUCTURE DIAGRAM



For a description of the main terms of the Programme Documents entered into by the Issuer as of the date of this Base Prospectus, please refer to section entitled "**Material Contracts**".

## DOCUMENTS INCORPORATED BY REFERENCE

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

- The English language version of the unaudited financial statements of the Issuer as at, and for the six-month period ended, 30 June 2018 together with the related notes (the "**2018 Interim Unaudited Financial Statements**") and the auditors' review report thereon (the "**2018 Interim Auditors' Report**" and together with the 2018 Interim Unaudited Financial Statements (the "**2018 Interim Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2017, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2017* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2016 (the "**2017 Financial Statements**"), and the auditors' report thereon (the "**2017 Auditors' Report**" and together with the 2017 Financial Statements, the "**2017 Financial Information**");
- the English language version of the financial statements of the Issuer as at, and for the year ended, 31 December 2016, including the English language version of the Arkéa Home Loans SFH *Tableau des Flux de Trésorerie au 31 décembre 2016* which contains the audited cash flow statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2015 (the "**2016 Financial Statements**"), and the auditors' report thereon (the "**2016 Auditors' Report**" and together with the 2016 Financial Statements, the "**2016 Financial Information**");
- the sections "Terms and Conditions of the French law Covered Bonds" of the following base prospectuses relating to the Programme: (i) Base Prospectus dated 22 December 2010 (the "**2010 Covered Bonds Conditions**"), (ii) Base Prospectus dated 9 May 2011 (the "**2011 Covered Bonds Conditions**"), (iii) Base Prospectus dated 14 June 2013 and its second supplement dated 2 September 2013 (the "**2013 Covered Bonds Conditions**"), (iv) Base Prospectus dated 29 May 2015 (the "**2015 Covered Bonds Conditions**"), (v) Base Prospectus dated 29 June 2016 (the "**2016 Covered Bonds Conditions**") and (vi) Base Prospectus dated 27 June 2017 (the "**2017 Covered Bonds Conditions**"). The parts of these documents that are not incorporated by reference in this Base Prospectus are not relevant for the investors.

The Issuer assumes responsibility for the correct translation of the 2016 Financial Information, the 2017 Financial Information and the 2018 Interim Financial Information.

The documents incorporated by reference in this Base Prospectus may be obtained, without charge on request, at the principal office of the Issuer and the Paying Agents set out at the end of this Base Prospectus during normal business hours so long as any of the Covered Bonds are outstanding. Such documents will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below. Any information not listed in the cross reference list but included in the documents incorporated by reference is considered as additional information and is not required by the relevant schedules of the Commission Regulation no. 809/2004 of 29 April 2004, as amended.

## Cross-reference list

<b>INFORMATION INCORPORATED BY REFERENCE</b> (Annex XI item 11 of the European Regulation 809/2004/EC)	<b>REFERENCE</b>
<b>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
<b><u>11.1 Historical financial information</u></b>	
<b><i>2016 Financial Information</i></b>	
- <b>Balance sheet</b>	Page 1 of the 2016 Financial Statements
- <b>Income statements</b>	Page 2 of the 2016 Financial Statements
- <b>Notes</b>	Pages 3 to 10 of the 2016 Financial Statements
- <b>Cash Flow Statements</b>	Page 9 of the 2016 Financial Statements
- <b>Auditor's report relating to the above</b>	Pages 1 and 2 of the 2016 Auditors' Report
<b><i>2017 Financial Information</i></b>	
- <b>Balance sheet</b>	Page 6 of the 2017 Financial Statements
- <b>Income statements</b>	Page 7 of the 2017 Financial Statements
- <b>Notes</b>	Pages 8 to 15 of the 2017 Financial Statements
- <b>Cash Flow Statements</b>	Page 14 of the 2017 Financial Statements
- <b>Auditor's report relating to the above</b>	Pages 2 to 5 of the 2017 Auditors' Report
<b><u>11.5 Interim and other financial information</u></b>	
<b><i>2018 Interim Financial Information</i></b>	
- <b>Balance sheet</b>	Page 3 of the 2018 Interim Financial Information
- <b>Income statements</b>	Page 4 of the 2018 Interim Financial Information
- <b>Notes</b>	Pages 6 to 12 of the 2018 Interim Financial Information
- <b>Cash Flow Statements</b>	Page 11 of the 2018 Interim Financial Information
- <b>Auditor's review report relating to the above</b>	Pages 1 to 2 of the 2018 Interim Auditors' Review Report

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

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

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

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

## TERMS AND CONDITIONS OF THE FRENCH LAW COVERED BONDS

*The following is the text of the terms and conditions (the "**Conditions**") that, as completed, in accordance with the provisions of the relevant Final Terms, shall be applicable to the French law Covered Bonds. The terms and conditions applicable to the German law Covered Bonds are contained in the Agency Agreement (as defined below)*

*In this section, "Covered Bonds" will include French law Covered Bonds only. In the case of Dematerialised Covered Bonds, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Covered Bonds, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms (and subject to simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so completed shall be endorsed on Definitive Materialised Covered Bonds.*

*Words and expressions defined in the Agency Agreement, or defined or used in the applicable Final Terms shall have the same meanings when used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail. References in the Conditions to "Covered Bonds" are to the Covered Bonds of one (1) Series only and not to all Covered Bonds that may be issued under the Programme.*

The Covered Bonds are issued by Arkéa Home Loans SFH (the "**Issuer**"), on a syndicated or non-syndicated basis, in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other Covered Bonds of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (including, without limitation, the nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the final terms of such Tranche (the "**Final Terms**") in accordance with the applicable Conditions.

The Covered Bonds are issued with the benefit of an amended and restated agency agreement dated 13 September 2018 (the "**Agency Agreement**") entered into between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent and the other agents named therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". BNP Paribas Securities Services and/or any other agent(s) appointed pursuant to the Agency Agreement will not benefit from the *Privilège* for the payment of its fees or any other amounts that might be due to it/them by the Issuer under the Agency Agreement. The holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Covered Bonds and, where applicable in the case of such Covered Bonds, talons (the "**Talons**") for further Coupons are referred to below as the "**Couponholders**".

Copies of the Final Terms applicable to a Series of Covered Bonds may be obtained, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents provided that, if such Series of Covered Bonds is neither admitted to trading on a regulated market in the European Economic Area (the "**EEA**") nor offered in the EEA in circumstances where a Base Prospectus is required to be published under Directive 2003/71/EC dated 4 November 2003, as amended (the "**Prospectus Directive**"), the applicable Final Terms will only be obtainable by a Bondholder holding one or more Covered Bonds and such Bondholder must produce evidence satisfactory to the Issuer and/or the Paying Agent as to its holding of such Covered Bonds and identity.

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

The provisions of Article 1195 of the French Civil Code (*Code civil*) shall not apply to these Conditions.

## 1. Definitions

"**Base Prospectus**" means the Base Prospectus, dated 13 September 2018 of the Issuer, in the form approved by the *Commission de Surveillance du Secteur Financier* in Luxembourg.

"**Bondholder**" or, as the case may be, "holder of any Covered Bond" means (a) in the case of Dematerialised Covered Bonds, the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Covered Bonds; (b) in the case of Definitive Materialised Covered Bonds, the bearer of any Definitive Materialised Covered Bond and the Coupons or Talons relating to it; and (c) in the case of Materialised Covered Bonds in respect of which a Temporary Global Certificate has been issued and is outstanding, each person (other than a clearing institution) who appears as the holder of such Covered Bonds or of a particular nominal amount of interests in such Covered Bonds, in accordance with the applicable laws and regulations and with the applicable rules and procedure of any relevant clearing institution including, without limitation, Euroclear France, Euroclear or Clearstream, as appropriate.

"**Closing Date**" means the date of the issuance of the first Series of Covered Bonds (including German law Covered Bonds) by the Issuer. "**German law Covered Bonds**" means covered bonds which are governed by German law, the terms and conditions of which are contained in the Agency Agreement.

"**Issuer Event of Default**" means the occurrence of any of the following events:

- (a) at any relevant time following the service of a Borrower Enforcement Notice (as defined in section "**Material Contracts**"), a Breach of Amortisation Test (as defined in section "**Asset Monitoring**" of this Base Prospectus) occurs; or
- (b) the Issuer is in default in the payment of principal of, or interest on, any Covered Bond (including the payment of any additional amounts mentioned in Condition 9) when due and payable, unless such default has arisen by reason of technical default or error and payment is made within five (5) Business Days of the due date thereof; or
- (c) the Issuer is in default in the performance or observance of any of its other material obligations under any Covered Bond and such default has not been cured within thirty (30) calendar days after the receipt by the Fiscal Agent (with copy to the Issuer and, where applicable, the Specific Controller) of the written notice of such default by (i) in the case of any French law Covered Bond, the Representative, and (ii) in the case of any German law Covered Bond, a Bondholder, requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied; or
- (d) any other present or future indebtedness of the Issuer (including any Covered Bonds of any other Series (including German law Covered Bonds)) becomes or becomes capable of being declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid

when due or, as the case may be, within any originally applicable grace period (a "**Covered Bonds Cross Acceleration Event**"); or

- (e) an order is made or an effective resolution passed for the liquidation or winding up of the Issuer (except in the case of a liquidation or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by the Majority Bondholders of all Series for which Covered Bonds or, if applicable, any Coupons relating to them, are Outstanding, and such liquidation or winding up being subject to prior Rating Affirmation); or
- (f) the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, any insolvency or bankruptcy proceedings set out in Book VI of the French Commercial Code (*Code de commerce*), it being understood that the Issuer applying for the appointment of an *ad hoc* representative (*mandataire ad hoc*) or entering into a conciliation procedure (*procédure de conciliation*) or being subject to such application with its principal creditors will not constitute an event of default pursuant to new Article L. 611-16 of the French Commercial Code (*Code de commerce*). Pursuant to such new Article L. 611-16 of the French Commercial Code (*Code de commerce*), any contractual provision to the contrary shall be null and void; or
- (g) the Issuer ceases to carry on all or a material part of its business (except in the case of a cessation for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, in each case the terms of which have previously been approved by the Majority Bondholders of all Series for which Covered Bonds (including German law Covered Bonds) or, if applicable, any Coupons relating to them, are Outstanding and such case of cessation being subject to prior Rating Affirmation).

"**Majority Bondholders**" means (i) in relation to any Series of Covered Bonds, a decision of the General Meeting (as defined in Condition 12) of such Series taken in accordance with Condition 12(d) and (ii) in relation to German law Covered Bonds, an approval of one or more German law Bondholders holding at least two-thirds ( $\frac{2}{3}$ ) of the then outstanding principal amount of such German law Covered Bonds.

"**Outstanding**" means, in relation to Covered Bonds of any Series, all the Covered Bonds (including German law Covered Bonds) issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Covered Bonds to the date for such redemption and any interest payable after such date) have been duly paid as provided in Condition 8, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled or held by the Issuer, for so long as such Covered Bonds are held by the Issuer as provided in these Conditions, (e) in the case of Definitive Materialised Covered Bonds (i) those mutilated or defaced Definitive Materialised Covered Bonds that have been surrendered in exchange for replacement Definitive Materialised Covered Bonds, (ii) (for the purpose only of determining how many such Definitive Materialised Covered Bonds are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Covered Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Covered Bonds have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Covered Bonds, pursuant to its provisions.

**"Payment Date"** means, with respect to a Series or Tranche of Covered Bonds, the payment date of any principal or interest amount applicable to the Issuer and specified as such in the relevant Final Terms of the Covered Bonds.

**"Programme Documents"** means:

- (a) the Shareholder Letter of Undertaking (see section "**The Issuer – Issuer Share Capital, Subordinated Loans and Issuer Majority Shareholder's undertakings**");
- (b) the Subordinated Loan agreements (see section "**The Issuer – Issuer Share Capital, Subordinated Loans and Issuer Majority Shareholder's undertakings**") to be entered into, from time to time, after the Closing Date;
- (c) the Administrative Agreement (see section "**Material Contracts**");
- (d) the *Convention d'Externalisation et de Mise à Disposition de Moyens* (see section "**The Issuer – Issuer Risk Management**");
- (e) the Issuer Accounts Agreement (see section "**Material Contracts**");
- (f) the terms and conditions (including the terms and conditions of the German law Covered Bonds);
- (g) the Agency Agreement;
- (h) the Dealer Agreement (see section "**Subscription and Sale**");
- (i) the Borrower Facility Agreement (see section "**Material Contracts**");
- (j) the Collateral Security Agreement (see section "**Material Contracts**");
- (k) the Cash Collateral Agreement (see section "**Material Contracts**");
- (l) the Calculation Services Agreement (see section "**Material Contracts**");
- (m) the Asset Monitor Agreement and the engagement letter of the Asset Monitor (see section "**Material Contracts**");
- (n) the Master Definitions and Construction Agreement, provided for the definitions of defined terms used under some other Programme Documents; and
- (o) the hedging agreement(s) (if any).

**"Rating Affirmation"** means, with respect to any specified action, determination, or appointment, and except as otherwise specified herein and/or in any Programme Documents, notification by the Issuer to the relevant Rating Agencies, for so long as any Covered Bonds are rated by them, of such specified action, determination or appointment which does not result in the downgrading, or withdrawal, of the [ratings] then assigned to the Covered Bonds.

**"Rating Agencies"** means S&P Global Ratings ("**S&P**"), Moody's Investors Services Ltd ("**Moody's**") or any other rating agency of equivalent standing or any successor thereto.

**"Regulated Market"** means a regulated market (within the meaning of Directive 2014/65/EU of the European Parliament and of the Council dated 15 May 2014 on markets in financial instruments, as amended from time to time) within the EEA.

"**Representative Consent**" means, with respect to any specified action, determination or appointment, receipt by the Issuer of (i) written confirmation of consent of 2/3 of the holders of each Series of Outstanding German law Covered Bonds, as described in the Agency Agreement, and (ii) written confirmation of consent of the Representative (acting upon instructions of the Majority Bondholders of the relevant Series of Outstanding French law Covered Bonds), in each case to such proposed action, determination or appointment.

## 2. Form, Denomination and Title

### (a) Form

Covered Bonds may be issued either in dematerialised form ("**Dematerialised Covered Bonds**") or in materialised form ("**Materialised Covered Bonds**"), as specified in the relevant Final Terms.

- (i) Title to Dematerialised Covered Bonds will be evidenced in accordance with Articles L. 211-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French Monetary and Financial Code (*Code monétaire et financier*)) will be issued in respect of the Dematerialised Covered Bonds.

Dematerialised Covered Bonds are issued, at the option of the Issuer, in either bearer form (*au porteur*), which will be inscribed in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Covered Bonds or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

Unless this possibility is expressly excluded in the relevant Final Terms and to the extent permitted by applicable law, the Issuer may at any time request from the central depository identification information of holders of Dematerialised Covered Bonds in bearer form (*au porteur*) such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, email address of such holders as well as the quantity of Covered Bonds held by each of them and any restrictions applicable to the Covered Bonds.

For the purpose of these Conditions, "**Account Holder**" means any authorised intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**").

- (ii) Materialised Covered Bonds are issued in bearer form only. Materialised Covered Bonds in definitive form ("**Definitive Materialised Covered Bonds**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Covered Bonds in which case references to interest (other than in relation to interest due after the Final Maturity Date or the Extended Final Maturity Date, as the case may be), Coupons and Talons in these Conditions are not applicable.

In accordance with Articles L. 211-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), securities (such as Covered Bonds constituting

obligations under French law) in materialised form and governed by French law must be issued outside the French territory.

The Covered Bonds may be "**Fixed Rate Covered Bonds**", "**Floating Rate Covered Bonds**", "**Fixed/Floating Rate Covered Bonds**" and "**Zero Coupon Covered Bonds**" or a combination of any of the foregoing, depending on the Interest Basis and the redemption method specified in the relevant Final Terms in accordance with the applicable Conditions.

**(b) Denomination**

The Covered Bonds will be issued in the specified denomination set out in the relevant Final Terms (the "**Specified Denomination(s)**"), provided that all Covered Bonds admitted to trading on a Regulated Market in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency at the time of issue) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Dematerialised Covered Bonds will be issued in one (1) Specified Denomination only.

**(c) Title**

- (i) Title to Dematerialised Covered Bonds in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Covered Bonds may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Covered Bonds in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Covered Bonds may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Covered Bonds, including, where appropriate, Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Covered Bond (as defined below), Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

**3. Conversions and Exchanges of Covered Bonds**

**(a) Dematerialised Covered Bonds**

- (i) Dematerialised Covered Bonds issued in bearer form (*au porteur*) may not be converted for Dematerialised Covered Bonds in registered form, whether in fully registered form (*au nominatif pur*) or in administered registered form, (*au nominatif administré*).
- (ii) Dematerialised Covered Bonds issued in registered form (*au nominatif*) may not be converted for Dematerialised Covered Bonds in bearer form (*au porteur*).
- (iii) Dematerialised Covered Bonds issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such Covered Bonds, be converted into Covered Bonds in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such holder shall be made in accordance with Article R. 211-4 of the French Monetary and Financial Code (*Code monétaire et financier*). Any such conversion shall be effected at the cost of such holder.

**(b) Materialised Covered Bonds**

Materialised Covered Bonds of one (1) Specified Denomination may not be exchanged for Materialised Covered Bonds of another Specified Denomination.

**4. Status**

Subject to the Priority Payment Orders, the principal and interest of the Covered Bonds, and, where applicable, any related Coupons are direct, unconditional, unsubordinated and, pursuant to the provisions of Condition 5(b), privileged obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and equally and rateably with all other present and future obligations (including the French law Covered Bonds and German law Covered Bonds of all other Series) and other resources raised by the Issuer benefiting from the *Privilège* described in Condition 5.

**5. Covenants**

So long as any of the Covered Bonds or, if applicable, any Coupons relating to them, is Outstanding:

**(a) Negative Pledge**

Except in accordance with the Programme Documents, the Issuer will not create or permit to subsist any privilege, mortgage, charge, pledge or other form of security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Undertaking (as defined below) of, or guaranteed by, the Issuer, where "**Relevant Undertaking**" means any present or future (i) indebtedness for borrowed money or (ii) undertaking in relation to interest or currency swap transactions.

**(b) Privilège (Statutory Priority in Right of Payment)**

The principal and interest of the Covered Bonds will benefit from the *privilège* (statutory priority in right of payment) created by Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) (the "**Privilège**").

Accordingly, notwithstanding any legal provisions to the contrary (including Livre VI of the French Commercial Code (*Code de commerce*)), pursuant to Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*):

- (i) all amounts payable to the Issuer in respect of loans or assimilated receivables, exposures and securities referred to in Articles L. 513-3 to L. 513-7 and L. 513-29 of the French Monetary and Financial Code (*Code monétaire et financier*) and forward financial instruments referred to in Article L. 513-10 of the French Monetary and Financial Code (*Code monétaire et financier*), in each case after any applicable set-off, together with the claims in respect of deposits made by the Issuer with credit institutions, shall be allocated in priority to the payment of any sums due in respect of *obligations de financement de l'habitat* (such as the Covered Bonds) and any other resources raised by the Issuer and benefiting from the *Privilège*;
- (ii) in case of conciliation (*conciliation*), safeguard (*sauvegarde*), judicial reorganisation (*redressement judiciaire*) and judicial liquidation (*liquidation judiciaire*), the amounts due by the Issuer from time to time under the *obligations de financement de l'habitat* (including the Covered Bonds) or any other resources or liabilities benefiting from the *Privilège* shall be paid on their contractual due date, and in priority to all other Issuer's debts, whether or not preferred or secured, including interest resulting from

agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been paid in full, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer;

- (iii) the judicial liquidation of the Issuer will not result in the acceleration of payment of *obligations de financement de l'habitat* and the other debts benefiting from the *Privilège*.

**(c) Limitation on Indebtedness**

The Issuer undertakes not to incur any indebtedness other than as contemplated by the Programme Documents unless:

- (i) such indebtedness is fully subordinated to the outstanding indebtedness incurred in relation to the Covered Bonds, as the case may be; or
- (ii) prior Rating Affirmation has been delivered in relation to such indebtedness.

**(d) Restrictions on mergers or reorganisations**

The Issuer undertakes not to enter into any merger, re-organisation or similar transaction without prior Representative Consent and Rating Affirmation.

**(e) Separateness covenants**

The Issuer undertakes (except as permitted under the Programme Documents or the Issuer's by-laws):

- (i) to maintain books and records separate from any other person or entity;
- (ii) to maintain its accounts separate from those of any other person or entity;
- (iii) not to commingle assets with those of any other entity;
- (iv) to conduct its own business in its own name;
- (v) to maintain separate financial statements;
- (vi) to pay its own liabilities out of its own funds;
- (vii) to observe all corporate, partnership or other formalities required by its constituting documents;
- (viii) not to guarantee or to become obligated for the debts of any other entity or to hold out its credit as being available to satisfy the obligations of others;
- (ix) not to acquire capital shares of its partners or shareholders;
- (x) to use its own separate stationery, invoices and cheques;
- (xi) to hold itself out as a separate entity;
- (xii) not to have any employees;
- (xiii) not to voluntarily wind up; and

(xiv) to correct any known misunderstanding regarding its separate identity.

**(f) Amortisation Test**

Following the enforcement of a Borrower Event of Default, the Issuer undertakes to comply with the Amortisation Test. For the purposes hereof, the terms of section "Asset Monitoring" of this Base Prospectus are incorporated in this Condition 5(f).

**(g) Programme Documents**

Subject to the qualifications described in the relevant Programme Document(s) to which it is a party, the Issuer undertakes that no amendment, modification, alteration or supplement shall be made to any Programme Document to which it is a party without prior Rating Affirmation if the same materially and adversely affects the interests of the Issuer or the Bondholders.

For the avoidance of doubt, the Issuer may amend, modify, alter or supplement any Programme Document to which it is a party without prior Rating Affirmation:

- (i) to cure any ambiguity, omission, defect or inconsistency;
- (ii) to evidence or effect the transition of any party to any Programme Document to which it is a party to any successor;
- (iii) to add to the undertakings and other obligations of any party (except the Issuer) under any Programme Document to which it is a party; or
- (iv) to comply with any mandatory requirements of applicable laws and regulations.

In addition, the Issuer undertakes that:

- (i) each Programme Document to which the Issuer is or will become a party will include limited recourse language pursuant to which the creditors of the Issuer (including the holders of the Covered Bonds) will agree that their recourse will be limited to the funds that are available to the Issuer at any relevant date; and
- (ii) each Programme Document submitted to French or English law to which the Issuer is or will become a party will also include non-petition language, whereby the creditors of the Issuer (including the holders of the Covered Bonds) will agree not to commence or to join any proceedings for the insolvency of the Issuer prior to the end of an eighteen (18)-month period and one (1) day after all Covered Bonds have been paid and discharged in full.

German law Covered Bonds (a) are subject to the particular limited recourse provisions specified in the terms and conditions of the German law Covered Bonds included in the Agency Agreement and (b) are not subject to non-petition provisions.

**(h) Notification of Issuer Events of Default**

In respect of any Series, the Issuer undertakes to promptly inform the Rating Agencies, the Representative and the Administrator of the occurrence of any Issuer Event of Default. Upon receipt of a written request to that effect from the Rating Agencies, the Representative or the Administrator, the Issuer shall confirm to the Rating Agencies, the Representative and the Administrator that, save as previously notified to each of them or as notified in such confirmation, no Issuer Event of Default has occurred or is continuing.

**(i) No further Issuance**

The Issuer undertakes not to issue any further Covered Bonds (including German law Covered Bonds) under the Programme:

- (i) as from the date a Borrower Enforcement Notice (as defined in section "**Material Contracts**" of this Base Prospectus) has been served, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19;
- (ii) as from the date an Issuer Enforcement Notice has been served;
- (iii) for so long as a Non-Compliance with Asset Cover Test (as defined in section "**Asset Monitoring**" of this Base Prospectus) has occurred and is not remedied, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19; or
- (iv) for so long as a Non Compliance with Amortisation Test (as defined in section "**Asset Monitoring**" of this Base Prospectus) has occurred and is not remedied, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19; or
- (v) for so long as, regarding the Pre-Maturity Test (as defined in section "**Asset Monitoring - The Pre-Maturity Test**" of this Base Prospectus), a Cash Collateral Funding Notice (as defined in the section "**Asset Monitoring - The Pre-Maturity Test**" of this Base Prospectus) has been delivered and the required amount has not been funded within the required time frame, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19.

**(j) Rating of further Issuance**

Subject to Condition (i) above, the Issuer undertakes that any new further issuance of Covered Bonds will be rated by the Rating Agencies.

**6. Interest and other Calculations****(a) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Benchmark**" means the reference rate as set out in the relevant Final Terms which shall be either the London Interbank Offered Rate (the "**LIBOR**"), the Euro Interbank Offered Rate (the "**EURIBOR**") or the mid-market annual swap rate for a euro denominated interest swap transaction (the "**EUR-CMS**").

"**Business Day**" means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system (TARGET 2) or any successor thereto (the "**TARGET System**") is operating (a "**TARGET Business Day**"), and/or
- (ii) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or

- (iii) in the case of a Specified Currency and/or one or more additional business centre(s) specified in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Covered Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "**Calculation Period**"):

- (i) if "**Actual/365**", "**Actual/Actual**" or "**Actual/Actual-ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365) (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by three hundred and sixty-six (366) and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by three hundred and sixty-five (365);
- (ii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms:
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (B) if the Calculation Period is longer than one (1) Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case, where:

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date, and

**"Determination Date"** means the date specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date;

- (iii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365);
- (iv) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty (360);
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360), calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first (1<sup>st</sup>) day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first (1<sup>st</sup>) day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be thirty-one (31), in which case D<sub>1</sub> will be thirty (30); and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be thirty-one (31) and D<sub>1</sub> is greater than twenty-nine (29), in which case D<sub>2</sub> will be thirty (30);

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360), calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first (1<sup>st</sup>) day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first (1<sup>st</sup>) day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be thirty-one (31), in which case D<sub>1</sub> will be thirty (30); and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) or (ii) such number would be thirty-one (31), in which case D<sub>2</sub> will be thirty (30).

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so

specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

**"Euro Zone"** means the region comprised of member states of the EU that have adopted or adopt the single currency in accordance with the Treaty on the functioning of the European Union as amended from time to time.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Covered Bonds, means the Fixed Coupon Amount or Broken Amount, as specified in the relevant Final Terms, as the case may be.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Final Terms.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two (2) TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two (2) Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro.

**"Interest Payment Date"** means the date(s) specified in the relevant Final Terms.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**"Interest Period Date"** means each Interest Payment Date or such other date as specified in the relevant Final Terms.

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., in their updated versions applicable as at the date of issue of the first Tranche of the relevant Series..

**"Rate of Interest"** means the rate of interest payable from time to time in respect of the Covered Bonds and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

**"Reference Banks"** means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

**"Relevant Date"** means, in respect of any Covered Bond or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Covered Bonds if earlier) the date seven (7) calendar

days after that on which notice is duly given to the holders of such Materialised Covered Bonds that, upon further presentation of the Materialised Covered Bond or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro Zone and in the case of LIBOR, shall be London) or, if none is so connected, Paris.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose **"local time"** means, with respect to Europe and the Euro Zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

**"Representative Amount"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**"Specified Currency"** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Covered Bonds are denominated.

**"Specified Duration"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(c)(ii).

**(b) Interest on Fixed Rate Covered Bonds**

Each Fixed Rate Covered Bond bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Payment Date and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

**(c) Interest on Floating Rate Covered Bonds**

- (i) *Interest Payment Dates:* Each Floating Rate Covered Bond bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.
- (iii) *Rate of Interest for Floating Rate Covered Bonds:* The Rate of Interest in respect of Floating Rate Covered Bonds for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms in accordance with the provisions below relating to either ISDA Determination or Screen Rate Determination, depending upon which is specified in the relevant Final Terms.
  - (A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph

(A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms
- (b) the Designated Maturity is a period specified in the relevant Final Terms and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period or such other date as specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Where any Floating Rate Option is specified in the relevant Final Terms as being determined by linear interpolation in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Floating Rate Option, one of which shall be determined as if the Designated Maturity were the period of time (for which rates are available) next shorter than the length of the relevant Interest Period, and the other of which shall be determined as if the Designated Maturity were the period of time (for which rates are available) next longer than the length of the relevant Interest Period.

Unless a higher Minimum Rate of Interest is stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero. For the avoidance of doubt, "Minimum Rate of Interest" shall refer to the relevant rate plus any relevant margin.

(B) Screen Rate Determination for Floating Rate Covered Bonds

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (1) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
  - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page, in each case appearing on such Page at the Relevant Time on the Interest Determination Date as disclosed in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any); and

- (2) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (1)(I) applies and no Relevant Rate (other than the EUR-CMS) appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (1)(II) applies and fewer than two (2) Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates (other than the EUR-CMS) that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Final Terms) the Margin (if any), and
- (3) if paragraph (2) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates (other than the EUR-CMS), subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro Zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (4) Notwithstanding Condition 6(c)(iii)(B)(3) above, if, at any time prior to or on any Interest Determination Date, the Issuer in consultation with the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that the screen rate that constitutes the Relevant Rate has been discontinued or that an Administrator/Benchmark Event has occurred:
  - (I) the Issuer will as soon as reasonably practicable (and in any event prior to the next following Interest Determination Date (up until which time Condition 6(c)(iii)(B)(3) above will continue to apply)) appoint an agent (the "**Relevant Rate Determination Agent**") that shall determine, acting in good faith and in a commercially reasonable manner whether, for the purposes of determining the Relevant Rate on each following Interest Determination Date, a substitute or successor rate is available, being a rate that is most comparable to the Relevant Rate. If the Relevant Rate Determination Agent determines that there is an industry-accepted substitute or successor rate, the Relevant Rate Determination Agent will use such substitute or successor rate to determine the

Relevant Rate (such rate, the “**Replacement Relevant Rate**”). The Relevant Rate Determination Agent may be (i) a leading bank or a broker-dealer in the Principal Financial Centre of the Specified Currency (which may include one of the Dealers involved in the issue of the Covered Bonds), (ii) an independent financial adviser, (iii) an affiliate of the Issuer and/or (iv) the Calculation Agent;

- (II) if the Relevant Rate Determination Agent has determined a Replacement Relevant Rate in accordance with the foregoing, the Relevant Rate Determination Agent will also determine concomitant changes (if any) to the Business Day Convention, the definition of Business Day, the Interest Determination Date, the Day Count Fraction, and any method for obtaining the Replacement Relevant Rate, and such other changes or adjustments necessary to make such Replacement Relevant Rate as comparable as possible to the Relevant Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Relevant Rate and such guidance promulgated by associations involved in the establishment of market standards and/or protocols in the international financial and/or debt capital markets as the Relevant Rate Determination Agent may consider relevant for such Replacement Relevant Rate;
- (III) references to the "Relevant Rate" in these Conditions will thenceforth be deemed to be references to the Replacement Relevant Rate, including any concomitant changes and adjustments determined in accordance with paragraph (II) above. The determination of the Replacement Relevant Rate and such concomitant changes and adjustments by the Relevant Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Bondholders and any other person and each Bondholder shall be deemed to have accepted the Replacement Relevant Rate and such related changes and adjustments pursuant to this Condition 6(c)(iii)(B)(4); and
- (IV) as soon as reasonably practicable, the Relevant Rate Determination Agent will notify the Issuer of the foregoing and the Issuer will give notice to the Bondholders (in accordance with Condition 17 (Notices)) and the Fiscal Agent specifying the Replacement Relevant Rate, as well as the concomitant changes and adjustments determined in accordance with paragraph (II) above.

If the Relevant Rate Determination Agent has determined that the Relevant Rate has been discontinued and/or an Administrator/Benchmark Event has occurred, and for any reason a Replacement Relevant Rate has not been or cannot be determined on or prior to the next following Interest Determination Date, then no Replacement Relevant Rate will be adopted, and in such case, the Rate of Interest applicable to the Covered Bonds will be the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period plus or minus (as specified in the relevant Final Terms) the Margin (if any).

Where:

**"Administrator/Benchmark Event"** means, in relation to any Covered Bonds and a Benchmark, the occurrence of a Benchmark Modification or Cessation Event, a Non-Approval Event, a Rejection Event or a Suspension/Withdrawal Event.

**"Benchmark Modification or Cessation Event"** means, in respect of any Covered Bonds and a Benchmark:

- (a) any material changes in such Benchmark;
- (b) the permanent or indefinite cancellation or cessation in the provision of such Benchmark;
- (c) a relevant regulator or other official sector entity prohibits the use of such Benchmark.

**"Non-Approval Event"** means, in respect of the Benchmark:

- (a) any authorisation, registration, recognition, endorsement, equivalence or approval in respect of the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be obtained;
- (b) the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be included in an official register; or
- (c) the Benchmark or the administrator or sponsor of the Benchmark does not or will not fulfil any legal or regulatory requirement applicable to the Covered Bonds, the Issuer, the Calculation Agent or the Benchmark,

in each case, as required under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Covered Bonds. For the avoidance of doubt, a Non-Approval Event shall not occur if, notwithstanding that the Benchmark or the administrator or sponsor of the Benchmark is not or will not be included in an official register because its authorisation, registration, recognition, endorsement, equivalence or approval is suspended, at the time of such suspension the continued provision and use of the Benchmark is nevertheless permitted in respect of the Covered Bonds under applicable law or regulation during the period of such suspension.

**"Rejection Event"** means, in respect of the Benchmark, the relevant competent authority or other relevant official body rejects or refuses or will reject or refuse any application for authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required in relation to the Covered Bonds, the Benchmark or the administrator or sponsor of the Benchmark under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Covered Bonds.

**"Suspension/Withdrawal Event"** means, in respect of the Benchmark:

- (a) the relevant competent authority or other relevant official body suspends or withdraws or will suspend or withdraw any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Benchmark or the administrator or sponsor of the Benchmark which

is required under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Covered Bonds; or

- (b) the Benchmark or the administrator or sponsor of the Benchmark is or will be removed from any official register where inclusion in such register is or will be required under any applicable law in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Covered Bonds.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is or will be suspended or where inclusion in any official register is or will be withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Benchmark is permitted in respect of the Covered Bonds under applicable law or regulation during the period of such suspension or withdrawal.

- (5) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Benchmark in respect of the Floating Rate Covered Bonds is specified as being the EUR-CMS, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be the offered quotation (expressed as a percentage *per annum*) for EUR-CMS for a period of the Designated Maturity as specified in the relevant Final Terms (the relevant maturity year mid swap rate in EUR (annual 30/360)), which appears on the Relevant Screen Page, on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

Notwithstanding anything to the contrary in this Condition 6, in the event, that the Benchmark does not appear on the Relevant Screen Page, the Calculation Agent shall determine on the relevant Interest Determination Date the applicable rate based on quotations of five CMS Reference Banks for a period of the relevant Designated Maturity (in each case the relevant mid-market annual swap rate commencing two TARGET Business Days following the relevant Interest Determination Date). The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Benchmark which will be the arithmetic mean (rounded if necessary to the five significant figures with halves being rounded up) of such provide quotations.

If, for any reason, the Benchmark is no longer published or if fewer than three quotations are provided to the Calculation Agent in accordance with the above paragraph, the Benchmark will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.

For the purposes of this sub-paragraph (4), "**CMS Reference Banks**" means the institutions specified as such in the relevant Final Terms or, if none, the principal office of five leading swap dealers in the Euro-zone inter-bank market selected by the Calculation Agent.

Where any Benchmark is specified in the relevant Final Terms as being determined by linear interpolation in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the Relevant Rate, one of which shall be determined as if the maturity were the period of time (for which rates are available) next shorter than the length of the relevant Interest Period, and the other of which shall be determined as if the maturity were the period of time (for which rates are available) next longer than the length of the relevant Interest Period.

Unless a higher Minimum Rate of Interest is stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero. For the avoidance of doubt, "Minimum Rate of Interest" shall refer to the relevant rate plus any relevant margin.

**(d) Fixed/Floating Rate Covered Bonds:**

Fixed/Floating Rate Covered Bonds are Covered Bonds for which a change of interest basis (the "**Change of Interest Basis**") is specified to be Applicable in the relevant Final Terms.

Fixed/Floating Rate Covered Bonds may bear interest at a rate that:

- (i) The Issuer may elect to convert on the date set out in the Final Terms (the "**Switch Date**") from a Fixed Rate to a Floating Rate, from a Floating Rate to a Fixed Rate, from a Fixed Rate to another Fixed Rate or from a Floating Rate to another Floating Rate. The Issuer election to change the interest basis (the "**Issuer Change of Interest Basis**") should be deemed effective after a valid notification sent by the Issuer to the relevant Bondholders within the period specified in the relevant Final Terms; or
- (ii) will automatically change from a Fixed Rate to a Floating Rate, from a Floating Rate to a Fixed Rate, from a Fixed Rate to another Fixed Rate or from a Floating Rate to another Floating Rate on the date set out in the Final Terms (the "**Automatic Change of Interest Basis**").

**(e) Zero Coupon Covered Bonds**

Where a Covered Bond the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) pursuant to Condition 7(d) and is not paid when due, the amount due and payable prior to the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) shall be the Early Redemption Amount or the Optional Redemption Amount, as the case may be. As from the Final Maturity Date (or the Extended Final Maturity Date, if any), the Rate of Interest for any overdue principal of such a Covered Bond shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(d)(i)).

**(f) Accrual of Interest**

Interest shall cease to accrue on each Covered Bond on the due date for redemption unless (i) in the case of Dematerialised Covered Bonds, on such due date or (ii) in the case of Materialised Covered Bonds, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.

**(g) Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one (1) or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. For the avoidance of doubt, the Minimum Rate of Interest shall not be, in any case, lower than zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven (7) figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(h) Calculations**

The amount of interest payable in respect of any Covered Bond for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Covered Bond by the Day Count Fraction, unless an Interest Amount is specified in respect of such period, in which case the amount of interest payable in respect of such Covered Bond for such period shall equal such Interest Amount. Where any Interest Period comprises two (2) or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods.

**(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Covered Bonds for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of Covered Bonds, any other Calculation Agent appointed in respect of the Covered Bonds that is to make a further calculation upon receipt of such information and, if the Covered Bonds are admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Interest

Amount, or (ii) in all other cases, the fourth (4<sup>th</sup>) Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(j) Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Covered Bond is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Covered Bonds, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris or Luxembourg office, as appropriate, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**7. Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to Condition 7(i), each Covered Bond shall be finally redeemed on the final maturity date specified in the relevant Final Terms (the "**Final Maturity Date**") at its Final Redemption Amount (which is its nominal amount).

**(b) Redemption at the Option of the Issuer and Partial Redemption**

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable notice in accordance with Condition 17 to the holders of Covered Bonds redeem all or, if so provided, some, of the Covered Bonds on any optional redemption date (as specified in the relevant Final Terms) (the "**Optional Redemption Date**"). Any such redemption of Covered Bonds shall be at their Optional Redemption Amount (as specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption, if any. Any such redemption must relate to Covered Bonds of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed as specified in the relevant Final Terms.

All Covered Bonds in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption in respect of Materialised Covered Bonds, the notice to holders of such Materialised Covered Bonds shall also contain the numbers of the Definitive Materialised Covered Bonds to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market requirements.

In the case of a partial redemption in respect of Dematerialised Covered Bonds, the redemption shall be effected by reducing the nominal amount of such Dematerialised Covered Bonds in a Series in proportion to the aggregate nominal amount redeemed, subject to compliance with any other applicable laws and Regulated Market requirements.

So long as the Covered Bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules thereof so require, the Issuer shall, once in each year in which there has been a partial redemption of the Covered Bonds, cause to be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Covered Bonds outstanding and, in the case of Materialised Covered Bonds a list of any Materialised Covered Bonds, drawn for redemption but not surrendered.

**(c) Redemption at the Option of Bondholders**

If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Bondholder, upon the Bondholder giving not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Issuer redeem such Covered Bond on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option, the Bondholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Covered Bonds, the Exercise Notice shall have attached to it the relevant Covered Bonds (together with all unmatured Coupons and unexchanged Talons). In the case of Dematerialised Covered Bonds, the Bondholder shall transfer, or cause to be transferred, the Dematerialised Covered Bonds to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Covered Bond so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

**(d) Early Redemption Amount and Optional Redemption Amount****(i) Zero Coupon Covered Bonds**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Covered Bond, upon redemption of such Covered Bond pursuant to Condition 7(e) or (f) or upon it becoming due and payable as provided in Condition 10 or the Optional Redemption Amount pursuant to Condition 7(b) or 7(c) shall be the amortised nominal amount the ("**Amortised Nominal Amount**") (calculated as provided below) of such Covered Bond.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Covered Bond shall be the scheduled Final Redemption Amount of such Covered Bond on the Final Maturity Date (or the Extended Final Maturity Date, if any) discounted at a rate per annum (expressed as a percentage) equal to the amortisation yield (which shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Covered Bonds if they were discounted back to their issue price on the Issue Date) (the "**Amortisation Yield**") compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Covered Bond upon its redemption pursuant to Condition 7(e) or (f) or upon it becoming due and payable as provided in Condition 10 or the Optional Redemption Amount pursuant to Condition 7(b) or 7(c) is not paid when due, the Early Redemption Amount or the Optional Redemption Amount due and payable in respect of such Covered Bond shall be the Amortised Nominal Amount of such Covered Bond as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Covered Bond becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Final Maturity Date (or the Extended Final Maturity Date, if any), in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Covered Bond on the Final Maturity Date (or the Extended Final Maturity Date, if any) together with any interest that may accrue in accordance with Condition 6(f).

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Final Terms.

**(ii) Other Covered Bonds**

- (A) The Early Redemption Amount payable in respect of any Covered Bond (other than Covered Bonds described in (i) above), upon redemption of such Covered Bond pursuant to Condition (e) or (f) or upon it becoming due and payable as provided in Condition 10 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption.
- (B) The Optional Redemption Amount payable in respect of any Covered Bond (other than Covered Bonds described in (i) above), upon redemption of such Covered Bond pursuant to Condition 7(b) or 7(c) will be determined on the following basis:

**"Optional Redemption Amount"** =  $Y \times \text{Specified Denomination}$

Where:

"Y" means the ratio expressed as a percentage specified in the relevant Final Terms.

**(e) Redemption for Taxation Reasons**

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Covered Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 9(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 17, redeem all, but not some only, of the Covered Bonds at their Early Redemption Amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (ii) If the Issuer would, on the next payment of principal or interest in respect of the Covered Bonds, be prevented by French law from making payment to the Bondholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 9(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) calendar days' prior notice to the Bondholders in accordance with Condition 17, redeem all, but not some only, of the Covered Bonds then Outstanding at their Early Redemption Amount together with any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Covered Bonds, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Bondholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Covered Bonds and (ii) fourteen (14) calendar days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Covered Bonds, or, if applicable, Coupons or, if that date is passed, as soon as practicable thereafter.

**(f) Redemption due to illegality**

The Covered Bonds of all Series shall be redeemed at the option of the Issuer, subject to compliance by the Issuer of all the relevant laws, regulations and directives, in whole, but not in part, at any time, on giving not less than thirty (30) nor more than sixty (60) calendar days' irrevocable notice in accordance with Condition 17 to the holders of Covered Bonds, if the Issuer satisfies the Fiscal Agent immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bonds of any Series, become unlawful for the Issuer to make, fund or allow to remain outstanding any Borrower Advance made by the Lender to the Borrower or to comply with any other of its obligations under the Covered Bonds of that Series, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two (2) representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Fiscal Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Bondholders and Couponholders.

Covered Bonds redeemed pursuant to this Condition 7(f) will be redeemed at their Early Redemption Amount referred to in Condition 7(d) above together (if appropriate) with interest accrued to the date fixed for redemption, if any.

**(g) Purchases**

The Issuer shall have the right at all times to purchase Covered Bonds (provided that, in the case of Materialised Covered Bonds, all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price.

Covered Bonds so purchased by the Issuer may be either (i) held and resold or (ii) cancelled in accordance with Condition 7(h) below, all in accordance with applicable laws and regulations.

**(h) Cancellation**

All Covered Bonds purchased by or on behalf of the Issuer to be cancelled, will be cancelled, in the case of Dematerialised Covered Bonds, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Covered Bonds, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Covered Bonds in question, together with all unmatured Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Covered Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Covered Bonds, all rights relating to payment of interest and other amounts relating to such Dematerialised Covered Bonds and, in the case of Definitive Materialised Covered Bonds, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Covered Bonds so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Covered Bonds shall be discharged.

**(i) Soft bullet maturity**

Covered Bonds may have hard bullet maturities or soft bullet maturities (allowing the Final Maturity Date of the relevant Series to be extended), as specified in the Final Terms of the relevant Series. With respect to Series of Covered Bonds having a soft bullet maturity, an extended Final Maturity Date (the "**Extended Final Maturity Date**") shall be specified as applying in relation to such Series in the applicable Final Terms. This means that if the Final Redemption Amount of the relevant Series is not paid by the Issuer on the Final Maturity Date, then payment of the unpaid amount shall be automatically deferred and shall become due and payable one (1) or several year(s) later on the Extended Final Maturity Date (the "**Extension of the Maturity**"). Interest will continue to accrue on such Final Redemption Amount during such extended period and be payable on each Interest Payment Date and on the Extended Final Maturity Date in accordance with the applicable Conditions.

The Issuer shall notify the relevant Bondholders (in accordance with Condition 17), the Rating Agencies, the Administrator and the Fiscal Agent as soon as reasonably practicable and in any event at least two (2) Business Days prior to the Final Maturity Date of any inability of the Issuer to pay the Final Redemption Amount of the relevant Series on the Final Maturity Date.

## **8. Payments and Talons**

### **(a) Dematerialised Covered Bonds**

Payments of principal and interest in respect of Dematerialised Covered Bonds shall (i) in the case of Dematerialised Covered Bonds in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Covered Bonds and, (ii) in the case of Dematerialised Covered Bonds in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant holder of Covered Bonds. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

### **(b) Definitive Materialised Covered Bonds**

#### *(i) Method of payment*

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Euro, shall be any country in the Euro Zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

#### *(ii) Presentation and surrender of Definitive Materialised Covered Bonds and Coupons*

Payments of principal in respect of Definitive Materialised Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (i) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Covered Bonds, and payments of interest in respect of Definitive Materialised Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date in respect of such principal

(whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Final Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Covered Bond.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Materialised Covered Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Covered Bonds in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments subject to Fiscal Laws**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives but without prejudice to Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of Covered Bonds or Couponholders in respect of such payments.

**(e) Appointment of agents**

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Base Prospectus relating to the Programme of the Covered Bonds of the Issuer. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Bondholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions

so require, (iii) Paying Agents having specified offices in at least one major European city (and ensuring the financial services of the Covered Bonds in Luxembourg so long as the Covered Bonds are listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange and such other city where the Covered Bonds are admitted to trading, so long as the Covered Bonds are admitted to trading on any other Regulated Market of the EEA), (iv) in the case of Dematerialised Covered Bonds in fully registered form, a Registration Agent and (v) such other agents as may be required by the rules of any other Regulated Market on which the Covered Bonds may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Covered Bonds denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the holders of Covered Bonds in accordance with Condition 17.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Covered Bond, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent outside the United States in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 11).

**(g) Business Days for Payment**

If any date for payment in respect of any Covered Bond or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Covered Bonds, on which Euroclear France is open for business or (ii) in the case of Materialised Covered Bonds, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for general business in the city of the Paying Agent's specified office, (C) in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the relevant Final Terms and (D) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

**(h) Bank**

For the purpose of this Condition 8, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

**9. Taxation**

**(a) Withholding Tax**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Covered Bonds or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature

imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

**(b) Additional Amounts**

If French law should require that payments of principal or interest in respect of any Covered Bond or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Bondholders or, if applicable, the Couponholders, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond or Coupon, as the case may be:

- (i) *Other connection:* to, or to a third party on behalf of, a Bondholder or Couponholder who is liable to such taxes or duties by reason of his having some connection with France other than the mere holding of the Covered Bond or Coupon; or
- (ii) *More than thirty (30) calendar days after the Relevant Date:* in the case of Definitive Materialised Covered Bonds, more than thirty (30) calendar days after the Relevant Date except to the extent that the Bondholder or Couponholder would have been entitled to such additional amounts on presenting it for payment, where presentation is required, on the thirtieth (30<sup>th</sup>) such day.

References in these Conditions to (A) "**principal**" shall be deemed to include any premium payable in respect of the Covered Bonds, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (B) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (C) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

**10. Events of Default**

Subject to the legal framework applicable to an SFH, if an Issuer Event of Default occurs in respect of any Series of French law Covered Bonds, the Representative (i) may, at its discretion, or (ii) shall, if so directed by the Majority Bondholders or if such Issuer Event of Default is a Covered Bonds Cross Acceleration Event, upon written notice (an "**Issuer Enforcement Notice**") to the Fiscal Agent and the Issuer (with copy to the Administrator and to the Rating Agencies) given before all defaults have been cured, cause the principal amount of all Covered Bonds of such Series to become due and payable (but subject to the relevant Priority Payment Order), together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent.

**11. Prescription**

Claims against the Issuer for payment in respect of any amount due under the Covered Bonds and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

**12. Representation of Bondholders**

Subject to the provisions of Condition 12(i) below with respect to Covered Bonds issued with a denomination of less than €100,000 (or its equivalent in any other currency), the

Bondholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a masse (the "**Masse**") which will be governed by the provisions of articles L.228-46 *et seq.* of the French Commercial Code (*Code de commerce*) as supplemented by this Condition 12.

**(a) Legal Personality**

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Bondholders (the "**Collective Decisions**").

The Masse alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Covered Bonds.

**(b) Representative**

The names and addresses of the Representative and its alternate (if any), will be set out in the relevant Final Terms.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of death, liquidation, retirement, resignation or revocation of appointment of the Representative, such Representative will be replaced by its alternate, if any. Another Representative may be appointed.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative (if any) at the head office of the Issuer.

**(c) Powers of Representative**

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Bondholders, with the capacity to delegate its powers.

All legal proceedings against the Bondholders or initiated by them must be brought by or against the Representative.

**(d) Collective Decisions**

Collective Decisions are adopted either in a general meeting (the "**General Meeting**") or by unanimous consent of the Bondholders following a written consultation (the "**Written Unanimous Decision**").

In accordance with Article R.228-71 of the French Commercial Code (*Code de commerce*), the rights of each Bondholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) of the name of such Bondholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision. Collective Decisions must be published in accordance with Condition 12(h).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Covered Bonds of such Series.

**(i) General Meetings**

A General Meeting may be called at any time, either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth (1/30) of the principal amount of the Covered Bonds outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two (2) months after such demand, the Bondholders may commission one of them to petition the competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the Bondholders present or represented hold at least one-fifth (1/5) of the principal amount of the Covered Bonds then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Bondholders attending such General Meeting or represented thereat, except when the General Meeting deliberates on any proposal for a merger or demerger of the Issuer in the circumstances provided for under Articles L.236-13 and L.236-18 of the French Commercial Code (*Code de commerce*), in which case the decision will be taken by a simple majority of votes held by the Bondholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 12(h) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Bondholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Bondholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Bondholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, and during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

(ii) Written Unanimous Decisions

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Unanimous Decision.

Such Written Unanimous Decision shall be signed by or on behalf of all the Bondholders without having to comply with formalities and time limits referred to in Condition 12(d)(i). Approval of a Written Unanimous Decision may also be given by way of electronic communication allowing the identification of Bondholders in accordance with Article L.228-46-1 of the French Commercial Code (*Code de commerce*) ("**Electronic Consent**"). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Bondholders. Such Written Unanimous Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Bondholders and shall be published in accordance with Condition 12(h).

(iii) Exclusion of certain provisions of the French Commercial Code (*Code de commerce*)

The provisions of Article L.228-65 I. 1° and 4° of the French Commercial Code (*Code de commerce*) and the related provisions of the French Commercial Code (*Code de commerce*) shall not apply to the Covered Bonds.

**(e) Expenses**

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by the Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Covered Bonds.

**(f) Single Masse**

The holders of Covered Bonds of the same Series, and the holders of Covered Bonds of any other Series which have been assimilated (*assimilables* for the purpose of French law) with the Covered Bonds of such first mentioned Series in accordance with Condition 16, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Covered Bonds will be the Representative of the single Masse of all subsequent Tranches in such Series.

**(g) Sole Bondholder**

If and for so long as the Covered Bonds of any Series are held by a sole Bondholder and unless a Representative has been appointed in relation to such Series, such Bondholder shall exercise all powers, rights and obligations entrusted to the Masse by the provisions of the French Commercial Code (*Code de commerce*).

From the date of appointment of the Representative in relation to any Series, if and for so long as the Notes of such Series are held by a sole Noteholder, such Noteholder shall exercise all powers, rights and obligations entrusted to the Noteholders acting through Collective Decisions by the provisions of the French Commercial Code (*Code de commerce*).

The Issuer shall hold a register of the decisions taken by the sole Bondholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Covered Bonds of such Series.

**(h) Notices to Bondholders**

Any notice to be given to Bondholders in accordance with this Condition 12 shall be published on the website of Crédit Mutuel Arkéa (<http://www.arkea.com>) and,

- (i) in the case of the holders of Covered Bonds in registered form (*au nominatif*), mailed to them at their respective addresses, in which case they shall be deemed to have been given on the fourth (4th) weekday (being a day other than a Saturday or a Sunday) after the mailing; or
- (ii) in the case of the holders of Covered Bonds in bearer form (*au porteur*), given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Covered Bonds are for the time being cleared.

Any decision to proceed with a transaction, notwithstanding the failure to obtain Bondholders' approval, as contemplated by Article L.228-72 of the French Commercial Code (*Code de commerce*) will be notified to Bondholders in accordance with this Condition 12(h). Any Bondholder will then have the right to request redemption of its Covered Bonds at par within thirty (30) days from the date of notification, in which case the Issuer shall redeem such Bondholder within thirty (30) days of the Bondholder's request for redemption.

If a merger or a spin-off is contemplated by the Issuer, the Issuer will have the option to submit the proposal for approval by a Collective Decision of the Masse or to offer redemption at par to Bondholders pursuant to Articles L. 228-73 and L. 236-13 of the French Commercial Code (*Code de commerce*). Such redemption offer shall be notified to Bondholders in accordance with this Condition 12(h). If the Masse does not approve the merger or spin-off proposal, any decision to proceed with the transaction will be notified to Bondholders in accordance with this Condition 12(h).

**(i) Full Masse**

For Covered Bonds issued with a denomination of less than €100,000 (or its equivalent in any other currency), Condition 12 shall apply to the Covered Bonds subject to the following modifications:

- (i) The second paragraph of Condition 12(d)(i) shall be deleted and replaced by the following paragraph:

"General Meetings may deliberate validly on first convocation only if the Bondholders present or represented hold at least one-fifth (1/5) of the principal amount of the Covered Bonds then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Bondholders attending such General Meeting or represented thereat."

- (ii) Condition 12(d)(iii) shall not apply to the Covered Bonds.

- (iii) Except if the Final Terms specify "Issue outside France" as applicable, Condition 12(e) shall be deleted and replaced by the following:

"(e) Expenses

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions."

For the avoidance of doubt, in this Condition 12, the expression "outstanding" shall not include the Covered Bonds subscribed or purchased by the Issuer which are held by the Issuer and not cancelled in accordance with applicable laws and regulations as referred to in Condition 7(g).

**13. Replacement of Definitive Materialised Covered Bonds, Coupons and Talons**

If, in the case of any Materialised Covered Bonds, a Definitive Materialised Covered Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Covered Bond, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Covered Bonds, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## 14. Limited recourse, Non petition

### *Limited Recourse*

By subscribing to any Covered Bond, each Bondholder will be automatically deemed to have agreed:

- (a) not to seek recourse under any obligation, covenant or agreement of the Issuer under the Covered Bonds and these Conditions against any shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that any obligation of the Issuer under the Covered Bonds and these Conditions is a corporate obligation of the Issuer, and that no personal liability shall attach to or be incurred by the shareholders, members of the board of directors (*conseil d'administration*), chief executive officers (*directeurs généraux*), vice chief executive officers (*directeurs généraux délégués*) or agents of the Issuer, as such, or any of them under or by reason of any of the obligations, covenants or agreements of the Issuer contained in these Conditions or implied therefrom and, as a condition of and in consideration for the issuing by the Issuer of any Covered Bond, to waive any and all personal liability of every such shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under the Covered Bonds and these Conditions;
- (b) to limit its recourse against the Issuer under the Covered Bonds and these Conditions to amounts payable or expressed to be payable to it by the Issuer on, under or in respect of its obligations and liabilities under the Covered Bonds and these Conditions (and, for the avoidance of doubt, to the exclusion of any damage for breach of contract or other penalties not expressed as being payable by the Issuer under the Covered Bonds and these Conditions) and in accordance with the then applicable Priority Payment Order;
- (c) that amounts payable or expressed to be payable by the Issuer on, under or in respect of its obligations and liabilities under the Covered Bonds and/or these Conditions shall be recoverable only from and to the extent of the amount of the Available Funds, as calculated on the relevant Interest Payment Date or (as applicable) on the relevant Final Maturity Date (or the Extended Final Maturity Date, as the case may be) of each relevant Series of Covered Bonds (provided that, in the event that no Available Funds exist at the relevant date, the Issuer shall not be liable to make payment of the aforementioned amounts and provided further that, in the event that the Available Funds at the relevant date are insufficient to pay in full all amounts whatsoever due to it and all other claims ranking *pari passu* to its claims, then its claims against the Issuer shall be satisfied only up to a certain percentage of such Available Funds (as determined in accordance with the then applicable Priority Payment Order) and, after payment of such percentage, the obligations of the Issuer with respect to such amounts owed on the relevant date shall be discharged in full);
- (d) that, in accordance with paragraph 2 of Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*), in the event of a conciliation (*conciliation*), safeguard (*sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) of the Issuer, the amounts due by the Issuer from time to time under the *obligations de financement de l'habitat* (including the Covered Bonds) and any other resources or liabilities benefiting from

the *Privilège* shall be paid on their contractual due date, and in priority to all other Issuer's debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been paid in full, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer;

- (e) that, in accordance with paragraph 3 of Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*), the Covered Bonds and the other debt benefiting from the *Privilège* shall not become due and payable as a result of the judicial liquidation (*liquidation judiciaire*) of the Issuer; and
- (f) that, in accordance with Article L. 513-31 of the French Monetary and Financial Code (*Code monétaire et financier*), the provisions of Article L. 632-2 of the French Commercial Code (*Code de commerce*) (*nullités facultatives de la période suspecte*) shall not apply to payments made by the Issuer in application of the Programme Documents.

German law Covered Bonds are subject to the particular limited recourse provisions specified in the terms and conditions of the German law Covered Bonds included in the Agency Agreement.

#### *Non-Petition*

By subscribing to any Covered Bond, each Bondholder will also be automatically deemed to have agreed that prior to the date which is eighteen (18) months and one (1) day after the earlier of (i) the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) of the last Series issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest Outstanding Covered Bond:

- (a) it will not take any corporate action or other steps or legal proceedings for the winding-up, dissolution or organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer, of the Issuer or of any or all of the Issuer's revenues and assets; and
- (b) it will not have any right to take steps for the purpose of obtaining payment of any amounts payable to it under the Covered Bonds by the Issuer and shall not until such time take any step to recover any debts whatsoever owing to it by the Issuer otherwise than in accordance with, and subject to, the Conditions.

The above undertakings by each relevant Bondholder shall survive the payment of all sums owing under any Covered Bond and/or these Conditions.

German law Covered Bonds are not subject to non-petition provisions.

Despite the fact that the Issuer is almost entirely owned by Crédit Mutuel Arkéa, pursuant to the provisions of Article L. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*), the safeguard procedure, judicial reorganisation or liquidation (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) of Crédit Mutuel Arkéa, in its capacity as shareholder of the Issuer, shall not be extended to the Issuer.

## **15. Priority Payment Orders**

As more fully described under section "**Cash Flow**" of this Base Prospectus, any and all sums due by the Issuer under the Programme (including principal and interest under the Covered Bonds) will be paid within the limit of the Available Funds of the Issuer at the time

of such payment and according to the relevant Priority Payment Order described under section "**Cash Flow**" of this Base Prospectus. As a consequence, the payment of certain sums will be subordinated to the full payment of other sums. Bondholders are deemed to have notice of the provisions of the section "**Cash Flow**" of this Base Prospectus.

## 16. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further Covered Bonds to be assimilated (*assimilables* for the purpose of French laws) with the Covered Bonds provided such Covered Bonds and the further Covered Bonds carry rights identical in all respects (or identical in all respects save as to the principal amount thereof and the first payment of interest specified in the relevant Final Terms) and that the terms of such Covered Bonds provide for such assimilation, and references in these Conditions to "**Covered Bonds**" shall be construed accordingly.

## 17. Notices

- (a) Notices to the holders of Dematerialised Covered Bonds in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth (4<sup>th</sup>) weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Covered Bonds are admitted to trading on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Covered Bonds is/are admitted to trading is/are located, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, or (iii) so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (b) Notices to the holders of Materialised Covered Bonds and Dematerialised Covered Bonds in bearer form (*au porteur*) shall be valid if published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Covered Bonds are admitted to trading on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Covered Bonds is/are admitted to trading is/are located, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort* or, so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (c) Notices required to be given to the holders of Dematerialised Covered Bonds (whether in registered or in bearer form) (*au nominatif* or *au porteur*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Covered Bonds are for the time being cleared in substitution for the mailing and publication as required by Conditions 17(a) and (b), above; provided that (i) so long as such Covered Bonds are admitted to trading on any Regulated Market(s) and the rules of that Regulated Market so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on

which such Covered Bonds is/are admitted to trading is/are located, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, and (ii) so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (d) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any notice given by publication shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Covered Bonds in accordance with this Condition.
- (e) For the avoidance of doubt, Condition 17 shall not apply to notices to be given pursuant to Condition 12.

## 18. Governing Law and Jurisdiction

### (a) Governing Law

The Covered Bonds, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

### (b) Jurisdiction

Any claim against the Issuer in connection with any Covered Bonds, Coupons or Talons may be brought before any competent courts in Brest.

## 19. Subscription by the Issuer of Covered Bonds as eligible collateral with the Banque de France

Pursuant to Article L. 513-26 of the French Monetary and Financial Code (*Code monétaire et financier*), and notwithstanding the provisions of Articles 1349 of the French Civil Code (*Code civil*) and Articles L. 228-44 and L. 228-74 of the French Commercial Code (*Code de commerce*), the Issuer as *société de financement de l'habitat* may subscribe to its own Covered Bonds (the "**Auto-held Covered Bonds**") for the sole purpose of granting them as collateral to the credit transactions with the *Banque de France* in accordance with the rules of the Eurosystem, provided that the Issuer's liquidity needs cannot be funded otherwise. Such recognition as eligible collateral will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. The Covered Bonds thus subscribed by the Issuer must meet the following conditions:

- the outstanding principal amount of the Auto-held Covered Bonds does not exceed ten per cent. (10%) of the outstanding principal amount of any liabilities of the Issuer benefiting from the *Privilège* on the subscription date of the Auto-held Covered Bonds by the Issuer;
- the Auto-held Covered Bonds are deprived of the rights provided for under Articles L. 228-46 to L. 228-89 of the French Commercial Code (*Code de commerce*) for so long as they are held by the Issuer;

- the Auto-held Covered Bonds are granted as collateral to the French central bank (*Banque de France*) or they are cancelled within the eight (8) calendar days from their settlement date or from the date they are no more granted as collateral, as applicable; and
- the Auto-held Covered Bonds cannot be subscribed by a third party.

The Specific Controller certifies these conditions are met in a report delivered to the *Autorité de contrôle prudentiel et de résolution*.

The cancellation of any Auto-held Covered Bond by the Issuer shall be notified by the Administrator to the Rating Agencies in accordance with the Administrative Agreement.

## USE OF PROCEEDS

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will include German law and French law Covered Bonds, in the following section.*

The net proceeds of the issue of Covered Bonds will be used to fund the Borrower Advances that the Issuer (as Lender) will make available to Crédit Mutuel Arkéa (as Borrower) under the Borrower Facility Agreement.

## **TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALIZED COVERED BONDS**

*The following description is only applicable to Materialised French law Covered Bonds.*

### **Temporary Global Certificates**

A Temporary Global Certificate without interest coupons (a "**Temporary Global Certificate**") will initially be issued in connection with each Tranche of Materialised Covered Bonds, which will be delivered on or prior to the issue date of the Tranche with a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and for Clearstream Banking, S.A. ("**Clearstream** "). Upon the delivery of such Temporary Global Certificate with a Common Depositary, Euroclear and Clearstream will credit each subscriber with a nominal amount of Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depositary may also credit with a nominal amount of Covered Bonds the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, a nominal amount of Covered Bonds that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, or other clearing systems.

### **Exchange**

Each Temporary Global Certificate issued in respect of Materialised Covered Bonds will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Materialised Covered Bonds; and
- (ii) otherwise, in whole but not in part, upon certification if required under U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(3) (or any successor regulation issued under the Code section 4701(b) containing rules substantially identical to those currently applying under Code section 163(f)(2)(B)) as to non-U.S. beneficial ownership for Definitive Materialised Covered Bonds.

While any Materialised Covered Bond is represented by a Temporary Global Certificate, any payment payable in respect of such Materialised Covered Bond prior to the Exchange Date (as defined below) will be made only to the extent that the certification described in (ii) above has been received by Euroclear and/or Clearstream, and Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certification received) to the relevant Paying Agent. The holder of a Temporary Global Certificate will not be entitled to collect any payment due thereon on or after the Exchange Date unless, upon due certification as described above, exchange of the Temporary Global Certificate for an interest in Definitive Materialised Covered Bond is improperly refused or withheld.

### **Delivery of Definitive Materialised Covered Bonds**

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to, or to the order of, the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Covered Bonds. In this Base Prospectus, "**Definitive Materialised Covered Bonds**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Covered Bonds for which such Temporary Global Certificate

may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Covered Bonds will be security printed in accordance with any applicable legal and stock exchange requirement.

### **Exchange Date**

"**Exchange Date**" means, in relation to a Temporary Global Certificate in respect of any Materialised Covered Bonds, the day falling after the expiry of forty (40) calendar days after its issue date, provided that in the event any further Materialised Covered Bonds which are to be assimilated with such first mentioned Materialised Covered Bonds are issued prior to such day pursuant to Condition 15(a), the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of forty (40) calendar days after the issue date of such further Materialised Covered Bonds.

In the case of Materialised Covered Bonds with an initial maturity of more than three hundred sixty-five (365) calendar days (and that are not relying on the C Rules), the Temporary Global Certificate shall bear the following legend:

ANY UNITED STATES PERSON (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES FEDERAL INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287 (a) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED.

## THE ISSUER

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will include German law and French law Covered Bonds and the expression "Bondholders" includes any holder of such Covered Bonds, in the following section.*

### General information about the Issuer

The Issuer was incorporated on 3 November 2000, under the name "Eurobretagne VII", as a French limited liability company with a board of directors (*société anonyme à conseil d'administration*). Its term of existence is ninety-nine (99) years from the date of its incorporation. From the date of its incorporation and until 10 October 2008 when it adopted the name "Crédit Mutuel Arkéa Covered Bonds" and the Programme was set up, the Issuer was a dormant entity owned by Crédit Mutuel Arkéa and did not engage in any business activity.

Following the enactment of Law no. 2010-1249 dated 22 October 2010 on banking and financial regulation (the "**SFH Law**") and of Decree no. 2011-205 dated 23 February 2011, establishing the new status of "*société de financement de l'habitat*", and in accordance with the provisions of Article 74 of the SFH Law, the Issuer has opted for the regime of *société de financement de l'habitat*. On 28 March 2011, the Issuer was granted the authorisation to opt for the status of *société de financement de l'habitat* by the *Autorité de contrôle prudentiel et de résolution*. The name of the Issuer was changed, initially, on 20 April 2011 for "Crédit Mutuel Arkéa Home Loans SFH", which was the legal and commercial name of the Issuer. On 4 December 2014, the name of the Issuer was changed for "Arkéa Home Loans SFH". As a consequence, the Issuer is now governed by the SFH Legal Framework as described below. See section "**Summary of the SFH Legal Framework**". For the avoidance of doubt, pursuant to the SFH Legal Framework, all Covered Bonds issued at any time by the Issuer (including Covered Bonds issued before the adoption of the status of *société de financement de l'habitat* by the Issuer) shall qualify as *obligations de financement de l'habitat*.

As a result of the entry into force on 1<sup>st</sup> January 2014 of the Ordinance no. 2013-544 dated 27 June 2013 relating to credit institutions and financing company, the Issuer became automatically a specialised credit institution (*établissement de crédit spécialisé*) as from 1<sup>st</sup> January 2014.

The Issuer is governed by:

- (a) the French Commercial Code (*Code de commerce*); and
- (b) the French Monetary and Financial Code (*Code monétaire et financier*).

The Issuer's exclusive corporate purpose set out in Article 2 of the Issuer's by-laws is to finance home loans (*prêts à l'habitat*) and hold financial assets which are eligible under the SFH Legal Framework. Despite the fact that a *société de financement de l'habitat* may subscribe for any units or notes (other than subordinated units or subordinated notes) issued by *organismes de titrisation*, which are French securitisation vehicles, or other similar foreign vehicles, the Issuer has decided to not invest in these units or notes.

In order to finance such transactions, the Issuer may issue bonds called *obligations de financement de l'habitat* that benefit from the *Privilège* (or incur other forms of borrowings benefiting from the *Privilège*) and may also issue ordinary bonds or raise other sources of financing which do not benefit from the *Privilège* in accordance with, and subject to, the SFH Legal Framework.

The Issuer is registered with the French *Registre du commerce et des sociétés* de Brest under number 433 383 205.

The Issuer's registered office and principal place of business is located at 232, rue du Général Paulet, B.P. 103, 29802 Brest Cedex 9. The telephone number of the Issuer's registered office is: + 33 2 98 00 94 85.

The Issuer's authorised and issued share capital is €40,000,000 (forty millions Euro) consisting of four million ordinary shares with a par value of €10 (ten Euro) each.

On the date of this Base Prospectus, 99.9 per cent. of the Issuer's share capital is held by Crédit Mutuel Arkéa.

"**Crédit Mutuel Arkéa**" means Crédit Mutuel Arkéa, a French *société anonyme coopérative de crédit à capital variable*, duly licensed as a French credit institution (*établissement de crédit*), registered in the *Registre du commerce et des sociétés* of Brest under number 775 577 018 and having its registered office at 1 rue Louis Lichou, 29480 Le Relecq Kerhuon, France.

According to Article L. 513-29.-IV of the Monetary and Financial Code (*Code monétaire et financier*), the Issuer, as a *société de financement de l'habitat*, is not allowed to hold shares in other companies.

### **Issuer's activities**

Issuer's activities are limited to the transactions expressly authorized by the SFH Legal Framework (see section "**Summary of the SFH Legal Framework**").

On the date of this Base Prospectus, the Issuer has entered into the contracts describes in section entitled "**Material Contracts**".

### *Limited recourse*

Each party to any Programme Document will agree:

- (a) not to seek recourse under any obligation, covenant or agreement of the Issuer contained in any Programme Document against any shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that any obligation of the Issuer under any Programme Document is a corporate obligation of the Issuer, and that no personal liability shall attach to or be incurred by the shareholders, members of the board of directors (*conseil d'administration*), chief executive officers (*directeurs généraux*), vice chief executive officers (*directeurs généraux délégués*) or agents of the Issuer, as such, or any of them under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any Programme Document or implied therefrom and, as a condition of and in consideration for the execution by the Issuer of any Programme Document, to waive any and all personal liability of every such shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under any Programme Document;
- (b) to limit its recourse against the Issuer under any Programme Document to amounts payable or expressed to be payable to it by the Issuer in respect of its obligations and liabilities under any Programme Document (and, for the avoidance of doubt, to the exclusion of any damage for breach of contract or other penalties not expressed as being payable by the Issuer under any Programme Document) and in accordance with the then applicable Priority Payment Order; and

- (c) that amounts payable or expressed to be payable by the Issuer on, under or in respect of its obligations and liabilities under any Programme Document shall be recoverable only from and to the extent of the amount of the Available Funds, as calculated on the relevant payment date (provided that, in the event that no Available Funds exist at the relevant date, the Issuer shall not be liable to make payment of the aforementioned amounts and provided further that, in the event that the Available Funds at the relevant date are insufficient to pay in full all amounts whatsoever due under any claim of any party under any Programme Document and all other claims ranking *pari passu* to any such claim, then the claim of such party against the Issuer shall be satisfied only up to a certain percentage of such Available Funds (as determined in accordance with the then applicable Priority Payment Order) and, after payment of such percentage, the obligations of the Issuer with respect to any amount owed on the relevant date to such party shall be discharged in full);
- (d) that, in accordance with paragraph 2 of Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*), in the event of a conciliation (*conciliation*), safeguard (*sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) of the Issuer, the amounts due by the Issuer from time to time under the *obligations de financement de l'habitat* (including the Covered Bonds) and any other resources or liabilities benefiting from the *Privilège* shall be paid on their contractual due date, and in priority to all other Issuer's debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been paid in full, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer;
- (e) that, in accordance with paragraph 3 of Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*), the Covered Bonds and the other debt benefiting from the *Privilège* shall not become due and payable as a result of the judicial liquidation (*liquidation judiciaire*) of the Issuer; and
- (f) that, in accordance with Article L. 513-31 of the French Monetary and Financial Code (*Code monétaire et financier*), the provisions of Article L. 632-2 of the French Commercial Code (*Code de commerce*) (*nullités facultatives de la période suspecte*) shall not apply to payments made by the Issuer in application of the Programme Documents.

German law Covered Bonds are subject to the particular limited recourse provisions specified in the terms and conditions of the German law Covered Bonds included in the Agency Agreement.

#### *Non-petition*

Each party to any Programme Document will also agree that prior to the date which is eighteen (18) months and one (1) day after the earlier of (i) the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) of the last Series issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest outstanding Covered Bond:

- (a) it will not take any corporate action or other steps or legal proceedings for the winding-up, dissolution or organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer, of the Issuer or of any or all of the Issuer's revenues and assets; and
- (b) it will not have any right to take steps for the purpose of obtaining payment of any amounts payable to it under any Programme Document by the Issuer and shall not until such time take any step to recover any debts whatsoever owing to it by the Issuer otherwise than in accordance with, and subject to, the Conditions.

The above undertakings by each relevant party shall survive the termination of any Programme Document and the payment of all sums owing under any such Programme Document.

German law Covered Bonds are not subject to non-petition provisions.

*No risk of Issuer consolidation upon insolvency of Crédit Mutuel Arkéa*

The Issuer is a ring-fenced, bankruptcy remote entity. Pursuant to the provisions of Article L. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*), the safeguard procedure, judicial reorganisation or liquidation (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) of Crédit Mutuel Arkéa, in its capacity as shareholder of the Issuer, will not be extended to the Issuer.

*Restrictions on mergers or reorganisations*

The Issuer will undertake in the Conditions not to enter into any merger, re-organisation or similar transaction without prior Representative Consent and Rating Affirmation.

### **Issuer Financial Elements**

The financial year of the Issuer runs from 1 January to 31 December. The annual and interim results of the Issuer shown hereafter are the non consolidated accounts. The Issuer does not produce consolidated financial statements.

*Prudential ratios*

The Issuer's prudential ratios are assessed at the group consolidated level and at the Issuer level. At the date here of, the regulatory capital of the Issuer consists in Core Tier 1 only.

### **Issuer Share Capital, Subordinated Loans and Issuer Majority Shareholder's undertakings**

*Share capital*

As of the date of this Base Prospectus, the Issuer's issued share capital is €40,000,000 (fourty millions Euro) consisting of 4,000,000 (four million) ordinary shares with a par value of €10 (ten Euro) each.

The share capital may be increased or decreased in accordance with legal provisions. New shares can be issued either at par value or at a premium.

A capital increase can only be approved by an extraordinary general meeting of shareholders, on the basis of a report by the board of directors (*conseil d'administration*).

An extraordinary general meeting of shareholders can delegate the necessary powers to the board of directors (*conseil d'administration*) to increase the share capital on one or more occasions, to establish the terms of the increase, to certify that such terms have been carried out and to amend the Issuer's articles of association accordingly.

A reduction in capital can be decided by an extraordinary general meeting of shareholders, which may delegate to the board of directors (*conseil d'administration*) all the necessary powers to carry out such a reduction.

*Subordinated Loans*

At any time after the Closing Date, the Issuer may also benefit from subordinated shareholder's loans to be granted by Crédit Mutuel Arkéa (the "**Subordinated Loans**").

Each Subordinated Loan agreement will provide that all amounts to be paid by the Issuer under this Subordinated Loan agreement will be paid according to the relevant Priority Payment Order, as described in Condition 15 of the section "**Terms and Conditions of the French law Covered Bonds**".

Each Subordinated Loan agreement will include Limited Recourse and Non petition provisions, as described in section "**Issuer's Activities – Limited Recourse**" and "**Issuer's Activities – Non-Petition**".

No amendment, modification, alteration or supplement shall be made to the Subordinated Loan agreements without prior Rating Affirmation if the same materially and adversely affects the interests of the Issuer or the Bondholders and the consent of the *Autorité de contrôle prudentiel et de résolution*, as per the relevant provisions of the Subordinated Loan agreement.

For the avoidance of doubt, the Subordinated Loan agreements may be amended, modified, altered or supplemented without prior Rating Affirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to a Subordinated Loan agreement to any successor;
- (c) to add to the undertakings and other obligations of Crédit Mutuel Arkéa under a Subordinated Loan agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

The Subordinated Loan agreements shall be governed by, and construed in accordance with, French law. The Issuer and Crédit Mutuel Arkéa, as lender, have agreed to submit any dispute that may arise in connection with the Subordinated Loan agreements to the jurisdiction of the competent courts of Paris.

#### *Shareholder Letter of Undertaking*

As the majority shareholder of the Issuer and pursuant to a letter of undertaking (the "**Shareholder Letter of Undertaking**"), Crédit Mutuel Arkéa undertakes in favour of the Bondholders of Covered Bonds of all Series to be issued, represented by their respective Representative:

- (a) not to take or participate in any corporate action or other steps or legal proceedings for the voluntary winding-up, dissolution or reorganisation of the Issuer or of any or all of the Issuer's revenues and assets;
- (b) not to take or participate in any corporate action or other steps or legal proceedings for the voluntary appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer with respect to the Issuer or of any or all of the Issuer's revenues and assets;
- (c) not to amend the constitutional documents (and in particular the articles of association) of the Issuer other than as expressly contemplated under the Programme Documents or without a prior Representative Consent and Rating Affirmation;
- (d) unless required by any administrative or regulatory authorities or under any applicable law or regulation (as the same shall have been notified by the Issuer and/or Crédit Mutuel Arkéa to the Rating Agencies) or unless approved by Crédit Mutuel Arkéa subject to prior Rating Affirmation, that Crédit Mutuel Arkéa will procure that the Issuer will at all times comply with its undertakings and other obligations as set forth in the banking license of the Issuer or

in the related application form (*dossier d'agrément*) filed with the *Autorité de contrôle prudentiel et de résolution* (formerly, the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI));

- (e) not to permit any amendments to the Programme Documents other than as expressly permitted or contemplated under the Programme Documents and prior Rating Affirmation;
- (f) not to permit that the Issuer cease to be consolidated within the tax group formed under the *régime d'intégration fiscale* provided by Articles 223 A *et seq.* of the French General Tax Code (*Code général des impôts*), with Crédit Mutuel Arkéa as head of that tax group and not to amend the tax consolidation agreement (*convention d'intégration fiscale*) as in force on the Signing Date between Crédit Mutuel Arkéa and the Issuer without prior Rating Affirmation;
- (g) not to create or permit to subsist any encumbrance over the whole or any part of the shares of the Issuer it owns;
- (h) not to sell, transfer, lease out or otherwise dispose of, by one or more transactions or series of transactions (whether or not related), whether voluntarily or involuntarily, the whole or any part of the shares of the Issuer it owns; and
- (i) to take any necessary steps, which are available to it as shareholder, to remain majority shareholder of the Issuer.

### **Issuer management bodies**

#### *The chairman and chief executive officer*

Mr. Dominique Andro, Chairman of the board of directors (*Président du conseil d'administration*) organises and supervises the work of the board of directors (*conseil d'administration*). It ensures the efficient functioning of the board of directors (*conseil d'administration*) which determines the Issuer's business strategy and monitors its implementation in accordance with French applicable corporate laws.

Ms. Anne Le Goff, Chief executive officer (*directeur général*) and Mr Jean-Luc Le Pache, Deputy chief executive officer (*directeur général délégué*) are vested with the broadest powers to act on behalf of the Issuer in all circumstances. In accordance with French applicable corporate laws, each of the chief executive officer (*directeur général*) and the vice chief executive officer (*directeur général délégué*) represents the Issuer *vis-à-vis* third parties.

#### *Board of directors (conseil d'administration)*

The board of directors (*conseil d'administration*) consists of a minimum of three (3) members and a maximum of eighteen (18) members. The term of office is three (3) years.

#### *Members of the board of directors (conseil d'administration)*

On the date of this Base Prospectus, the board of directors (*conseil d'administration*) consists of 6 (six) members.

#### Name and Position

#### Date of appointment

Mrs. Le Goff, Anne, Chairman of the board of directors of the Issuer

1 February 2018

Mr. Le Pache, Jean-Luc, Deputy chief executive officer and Director	13 December 2013
Mr. Le Dro, Pierrick, Director	13 April 2018
Crédit Mutuel Arkéa, Director represented by Mrs. Elisabeth Quellec	10 October 2008
Mr. Bezard, Jérôme, Director	13 April 2018
Mr. Morvan, Jérémy, Director	28 April 2010

The members of the board of directors (*conseil d'administration*) have their business addresses at the registered office of the Issuer.

Mrs. Anne Le Goff, Chairman of the board of directors of the Issuer is also Head of the Support and Development division (*Directeur du Pôle Supports au développement*) of Crédit Mutuel Arkéa and Deputy chief executive officer (*Directeur general délégué*) of Crédit Mutuel Arkéa;

Mrs. Elisabeth Quellec, Chief executive officer of the Issuer and representative of Crédit Mutuel Arkéa at the board of directors of the Issuer, is also Head of Financial Management Control (*Directeur de la direction Pilotage Financier*) of Crédit Mutuel Arkéa;

Mr. Jean-Luc Le Pache, Deputy chief executive officer of the Issuer, is also Deputy to the deputy chief executive officer in charge of the development support division (*adjoint au Directeur général délégué chargé du pôle Supports au développement*) of Crédit Mutuel Arkéa;

Mr. Pierrick Le Dro is also member of the board of the *fédération* of Crédit Mutuel de Bretagne and chairman of the board of directors (*président du conseil d'administration*) of a *Caisse locale* (the *Caisse locale de Caudan*);

Mr. Jérôme Bezard is also chairman of the board of directors (*président du conseil d'administration*) of a *Caisse locale* (the *Caisse locale de Caudan*).

#### *Rights and duties of the board of directors (conseil d'administration)*

In accordance with French applicable corporate laws and the articles of association of the Issuer, the board of directors (*conseil d'administration*) determines the scope of the Issuer's business activities. Without prejudice to the powers expressly granted to meetings of the shareholders, and in so far as the articles of association permit, the board of directors (*conseil d'administration*) deals with all matters relating to the conduct of the Issuer's business, within the limit of the corporate purpose (*objet social*) of the Issuer. When dealing with third parties, the Issuer is bound by acts of the board of directors (*conseil d'administration*) which do not come within the scope of the Issuer's corporate purpose, unless it can prove that the third party knew that a specific action was out of that scope.

The board of directors (*conseil d'administration*) shall carry out the inspections and verifications which it considers appropriate. The chairman of the board of directors (*conseil d'administration*) or the chief executive officer (*directeur général*) is required to send all the documents and information necessary to perform this task to each director (*administrateur*).

The chairman of the board of directors (*président du conseil d'administration*) organises and oversees the work of the board of directors (*conseil d'administration*) and reports to the shareholders' general meeting.

The Issuer identified no potential conflicts of interests between the duties to it by the members of the board of directors and their private interests and/or other duties.

### *Rights and duties of the chief executive officer (directeur général)*

The general management of the Issuer shall be performed by the chief executive officer (*directeur général*). The chief executive officer (*directeur général*) shall have the most extensive powers to act on behalf of the Issuer in all circumstances, but will exercise its powers subject to those that the law allocates explicitly to shareholders' meetings and to the board of directors (*conseil d'administration*).

With regard to the shareholders, the by-laws of the Issuer provides that some actions shall not be able to be taken by the board of directors (*conseil d'administration*), nor by the chairman (*président*), nor by any chief executive officer (*directeur général*) whatsoever, without the prior consent of the shareholders' general meeting. Such provisions of the by-laws of the Issuer restricting the actions the board of directors (*conseil d'administration*), the chairman (*président*) or the chief executive officer (*directeur général*) may take are not enforceable against third parties.

### *The Issuer Independent Representative*

According to the by-laws of the Issuer, the board of directors (*conseil d'administration*) will, at any time, include an independent member (the "**Issuer Independent Representative**"), *i.e.* a member having no relationship with the Issuer, its shareholders or its management, which may compromise the independence of judgement by such member, as further described and detailed in the by-laws of the Issuer. On the date of this Base Prospectus, Mr. Jérémy Morvan is the Issuer Independent Representative.

Certain action, determination or appointment by the Issuer or the shareholders of the Issuer (such as specified under the terms and conditions and/or any other Programme Documents) may not be taken or made without written confirmation consent of the Issuer Independent Representative (the "**Issuer Independent Representative Consent**"). By way of example, the Programme Documents may not be amended without the prior Issuer Independent Representative Consent (except if any such amendment is expressly permitted or contemplated under the Programme Documents).

### **Issuer Statutory Auditors**

As from 10 October 2008, the statutory auditors of the Issuer are:

- (a) Deloitte & Associés, 185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, France; and
- (b) Mazars, 61 rue Henri Régnault, 92075 Paris La Défense, France.

They are regulated by the Haut Conseil du Commissariat aux Comptes and duly authorised as Commissaires aux comptes.

Sterenn was statutory auditor of the Issuer as from 20 October 2000 until 10 October 2008 (excluded).

### **External Supervision and oversight of the Issuer**

#### *The Autorité de contrôle prudentiel et de résolution*

As a specialised credit institution (*établissement de crédit spécialisé*) and a *société de financement de l'habitat*, the Issuer is supervised by the *Autorité de contrôle prudentiel et de résolution*, an independent supervisory and control authority of banking and insurance activities in France, integrated within the framework of the *Banque de France*. The *Autorité de contrôle prudentiel et de résolution* is notably composed of the Governor of the *Banque de France* and various experts chosen for their expertise in banking and financial matters and is responsible for monitoring observance of the laws and regulations applicable to credit institutions as well as the soundness of their financial position.

The Issuer is subject to off-site monitoring and on-site inspections by the *Autorité de contrôle prudentiel et de résolution*. Off-site monitoring by the *Autorité de contrôle prudentiel et de résolution* consists of the examination of the Issuer's prudential and accounting records as well as regular contacts with the Issuer's board of directors and statutory auditors. The Issuer is required to submit to the *Autorité de contrôle prudentiel et de résolution* an annual report on internal control procedures and the assessment and supervision of risk procedures and bi-annual reports setting forth its Overcollateralisation Ratio (pursuant to its status as a *société de financement de l'habitat*). In addition, statutory auditors are required to advise the *Autorité de contrôle prudentiel et de résolution* of any fact or decision that may constitute a breach of existing regulations and that is likely to have a significant effect on the financial situation, the profits or the asset composition of the Issuer or cause the statutory auditors to issue a qualified or adverse opinion.

Through on-site inspections, the *Autorité de contrôle prudentiel et de résolution* ascertains that the information disclosed by the Issuer accurately reflects its financial condition. The *Autorité de contrôle prudentiel et de résolution* may decide to make a recommendation, issue an injunction or institute disciplinary proceedings if it determines that the Issuer has contravened a law or regulation relating to its activity as a *société de financement de l'habitat*.

#### *The Specific Controllers*

The Issuer has appointed, in accordance with Article L. 513-23 of the French Monetary and Financial Code (*Code monétaire et financier*) a Specific Controller (*Contrôleur spécifique*) and a Substitute Specific Controller (*Contrôleur Spécifique Suppléant*), who are selected from the official list of auditors and are appointed by the board of directors of the Issuer with the approval of the *Autorité de contrôle prudentiel et de résolution*.

The Specific Controller ensures that the Issuer complies with the SFH Legal Framework (in particular, verifying the quality and the eligibility of the assets and the Overcollateralisation Ratio). He also monitors the balance between the Issuer's assets and liabilities in terms of rates and maturity (cash flow adequacy) and notifies the board of directors (*conseil d'administration*), the managing director (*directeur général*) of the Issuer and the *Autorité de contrôle prudentiel et de résolution* if he considers such balance to be unsatisfactory.

The Specific Controller carries out various audits in cooperation with the Issuer's statutory auditors and is completely independent of the Issuer. In particular, the Specific Controller must control the valuation procedures of the real estate properties securing the Home Loan receivables that are granted as Collateral Security.

For the performance of its duties, the Specific Controller has access to all information from management, internal control data, and internal audit data. The Specific Controller is entitled to undertake, at any time, any necessary control of the Issuer that it deems appropriate and to review the Issuer's books and records. In addition, the Specific Controller is entitled to request information from third parties who have entered into transactions on behalf of the Issuer. It may request copies of relevant agreements and documents from any credit institution or financing company entrusted with the management or the recovery of loans, bonds or other sources of financing of the Issuer pursuant to Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*) and copies of the home loan agreements, mortgage registration certificates and any other documents relating to the Home Loan receivables that are granted as Collateral Security it may consider relevant in order to carry out its duties.

The Specific Controller certifies, on a quarterly basis, compliance with legal and regulatory standards concerning the Overcollateralisation Ratio in connection with the issuance program of the Issuer and for any issue of resources of more than €500 million which benefit from the *Privilège*. Additionally, the Specific Controller certifies that documents the Issuer sends to the *Autorité de contrôle prudentiel et de résolution* meet legal and regulatory requirements. The Specific Controller submits an annual

report on its activity to the board of directors of the Issuer, and a copy is forwarded to the *Autorité de contrôle prudentiel et de résolution*.

The *Autorité de contrôle prudentiel et de résolution* can require information relating to the activity and the financial situation of the Issuer from the Specific Controller. The Specific Controller is required to disclose to the *Autorité de contrôle prudentiel et de résolution* any decision taken by the *société de financement de l'habitat* or its parent company, which constitute a violation of legal provisions and affect its financial situation, the continuity of the company or the certification of accounts. The Specific Controller is also required to advise the *Autorité de contrôle prudentiel et de résolution* of any fact or decision that could jeopardize the situation of the *société de financement de l'habitat* as a going concern.

The Specific Controller cannot conduct any activities that could undermine its independence and take, receive or retain any interest in the Issuer or Crédit Mutuel Arkéa. The Specific Controller is prevented from providing services exceeding the scope of its control to the Issuer or to Crédit Mutuel Arkéa

The Specific Controller is liable for any error or negligence committed in the exercise of its functions.

Managers may be sanctioned if the Specific Controller is not appointed, not invited to attend shareholders' meetings, prevented from conducting its control or not provided with useful documents that he has requested.

The Specific Controller attends all meetings of the shareholders of the Issuer and, on his request, may be heard by the board of directors (*conseil d'administration*) of the Issuer.

The Specific Controller and the Substitute Controller of the Issuer are:

<b>Specific Controller</b>	<b>Substitute Specific Controller</b>
Laurent Brun (Cailliau Dedouit et Associés) 19 rue Clément Marot 75008 Paris France	Mr. Rémi Savournin 19 rue Clément Marot 75008 Paris France

## SUMMARY OF THE SFH LEGAL FRAMEWORK

As of the date of this Base Prospectus, the legal and regulatory regime applicable to the Issuer as *société de financement de l'habitat (SFH)* results from the following provisions (the "**SFH Legal Framework**"):

- Articles L. 513-3, L. 513-5, L. 513-7 to L. 513-26 and L. 513-28 to L. 513-33 of the French Monetary and Financial Code (*Code monétaire et financier*) (as they may be amended from time to time);
- Articles R. 513-1, R. 513-3, R. 513-4, R. 513-6 to R. 513-12, R.513-14, R. 513-15 to R. 513-18 and R. 513-19 to R. 513-21 of the French Monetary and Financial Code (*Code monétaire et financier*) (as they may be amended from time to time);
- the Regulation (*réglement*) no. 99-10 dated 9 July 1999 issued by the CRBF Regulation applicable to *sociétés de financement de l'habitat* (as it may be amended from time to time);
- various *Autorité de contrôle prudentiel et de résolution's* instructions applicable to *sociétés de financement de l'habitat*.

The main provisions of the SFH Legal Framework as of the date of this Base Prospectus are summarized below. The SFH Legal Framework applicable to the Issuer may be amended from time to time after the date of this Base Prospectus.

### Exclusive legal purpose

In accordance with the current SFH Legal Framework, *sociétés de financement de l'habitat (SFH)* may only grant or finance home loans (*prêts à l'habitat*) and hold securities and instruments that comply with legal eligibility criteria and, in order to finance these assets, to issue *obligations de financement de l'habitat* (or incur other forms of borrowings benefiting from the *Privilège*) and issue ordinary bonds or raise other sources of financing which do not benefit from the *Privilège*, including mortgage promissory notes (*billets à ordre hypothécaires*).

*Sociétés de financement de l'habitat* may carry out temporary transfers of securities, pledge a securities account and pledge or transfer all or part of the receivables held by them in accordance with the applicable provisions of the French Monetary and Financial Code (*Code monétaire et financier*). The receivables or securities thus transferred or pledged are not included in the cover pool (*assiette du Privilège*) defined in Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) and are not taken into account for the calculation of the Overcollateralisation Ratio.

In order to hedge their interest and currency risks on loans, exposures, *obligations de financement de l'habitat* and other sources of financing benefiting from the *Privilège*, or to manage or hedge the global risk on their assets, liabilities and off balance sheet exposures, *sociétés de financement de l'habitat* may use derivative instruments as defined in Article L. 211-1 of the French Monetary and Financial Code (*Code monétaire et financier*). Pursuant to Article L. 513-10 of the French Monetary and Financial Code (*Code monétaire et financier*), any amounts due by the Issuer pursuant to these financial instruments, after applicable netting, benefit from the *Privilège*.

A *société de financement de l'habitat* is not allowed to hold equity participations or other forms of equity interest issued by other companies.

In addition:

- in accordance with Article L. 513-31 of the French Monetary and Financial Code (*Code monétaire et financier*), the provisions of Article L. 632-2 of the French Commercial Code

(*Code de commerce*) (*nullités facultatives de la période suspecte*) are not applicable to contracts concluded by a *société de financement de l'habitat*, or to legal transactions made by or in favour of *société de financement de l'habitat*, as far as such contracts or transactions are directly related to the transactions referred to in Articles L. 513-28 to L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*);

- in accordance with Article L. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*), the bankruptcy proceedings (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) of a shareholder of a *société de financement de l'habitat* cannot be extended to the *société de financement de l'habitat* itself;
- any service/loan agreement pursuant to which a *société de financement de l'habitat* has delegated to another credit institution or financing company (*société de financement*) the management or the recovery of loans, exposures, assimilated receivables, securities, instruments, bonds or other sources of financing may be immediately terminated upon the opening of bankruptcy proceedings (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) affecting that credit institution or financing company (*société de financement*); and
- in case of bankruptcy proceedings (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) of a *société de financement de l'habitat*, the Specific Controller will be responsible for filing claims on behalf of creditors benefiting from the *Privilège*.

### **Eligible assets**

Pursuant to the SFH Legal Framework, the eligible assets of a *société de financement de l'habitat* (*SFH*) comprise, *inter alia*:

- (i) home loans (*prêts à l'habitat*) which are secured by a first-ranking mortgage or other real estate security interests that are equivalent to a first-ranking mortgage (within the meaning of Article R. 513-4 of the French Monetary and Financial Code (*Code monétaire et financier*), or that are guaranteed by a credit institution, a financing company (*société de financement*), or an insurance company. The property must be located in France or in any other Member State of the European Union or the EEA or in a State that qualifies for the credit quality step 1 (*meilleur échelon de qualité de crédit*) given by an external rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* as provided in Article L. 511-44 of the French Monetary and Financial Code (*Code monétaire et financier*);
- (ii) loans granted to any credit institutions which are secured by the remittance, the transfer or the pledge of the receivables arising from the home loans referred to in (i) above;
- (iii) units or notes (other than subordinated units or subordinated notes) issued by *organismes de titrisation*, which are French securitisation vehicles, or other similar foreign vehicles within the limits and conditions set out in the SFH Legal Framework;
- (iv) promissory notes (*billets à ordre*) governed by Articles L. 313-42 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*) and which represent receivables arising from the home loans referred to in (i) above.

In the case of the Issuer, the eligible assets are comprised of the Borrower Advances which are loans referred to in (ii) above granted by the Issuer to the Borrower in accordance with the provisions of the Borrower Facility Agreement and that are fully secured by eligible Home Loan receivables either governed by French law or by Belgian law granted by the Collateral Providers, including the Borrower, as Collateral Security pursuant to the provisions of Articles L. 211-36 *et seq.* of the French

Monetary and Financial Code (*Code monétaire et financier*) and the provisions of the Collateral Security Agreement.

While the Issuer does not intend to acquire eligible assets which are units or notes referred to in (iii) above or promissory notes referred to in (iv) above, it is not precluded from holding any such assets and reserves the right to acquire such assets in the future as well as any other type of assets that may become eligible to *sociétés de financement de l'habitat* in the future.

The *sociétés de financement de l'habitat* are not allowed to make any other investments, except investments in securities, instruments or deposits which are sufficiently secure and liquid to be held as so-called substitution assets (*valeurs de remplacement*), as defined in Articles R. 513-6 and R. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*).

As of the date of this Base Prospectus, such substitution assets (the "**Legal Substitution Assets**") include:

- (i) securities, instruments or deposits due or guaranteed by credit institutions or investment companies that qualify for the credit quality step 1 (*meilleur échelon de qualité de crédit*) established by an external rating agency recognized by the *Autorité de contrôle prudentiel et de résolution*;
- (ii) securities, instruments or deposits with a maturity of less than one hundred (100) calendar days due or guaranteed by credit institutions or investment companies of a Member State of the European Union or the EEA that qualify for the credit quality step 2 (*second meilleur échelon de qualité de crédit*) established by an external rating agency recognized by the *Autorité de contrôle prudentiel et de résolution*;
- (iii) debt securities (*titres de créances*) issued or guaranteed by public sector entities referred to in paragraph I, 1 to 5, of Article L. 513-4 of the French Monetary and Financial Code (*Code monétaire et financier*); and
- (iv) debt securities (*titres de créances*) issued or guaranteed by a central administration of a Member state of the European Union and cash invested on accounts opened within the books of a central bank of a Member State of the European Union which comply with the criteria listed in 1(a) of Article 416 of the Capital Requirements Regulation no. 575/2013 dated 26 June 2013.

The total amount of such substitution assets (*valeurs de remplacement*) that a *société de financement de l'habitat* may hold is limited to fifteen per cent. (15%) of the sum of (i) the total outstanding nominal amount of the *obligations de financement de l'habitat* issued by such *société de financement de l'habitat* and (ii) the amount of the other sources of financing of such *société de financement de l'habitat* benefiting from the *Privilège* (the "**Maximum Legal Substitution Assets Percentage**"), save if substitution assets set out in paragraph (iv) above are held for the purpose of the coverage of the liquidity needs in accordance with provisions of Article R. 513-7 of the French Monetary and Financial Code (*Code monétaire et financier*) for which the limit applicable is the amount of such liquidity needs (see section "**Asset Monitoring - The Legal Liquidity Reserve**"). In addition, pursuant to paragraph 2 of Article R. 513-6 of the French Monetary and Financial Code (*Code monétaire et financier*), certain substitution assets are not taken into account in the calculation of the above percentage such as, without limitation, any cash collateral received from credit institutions by the *société de financement de l'habitat* to secure all or part of its assets.

Pursuant to Article R. 513-18 of the French Monetary and Financial Code (*Code monétaire et financier*), *sociétés de financement de l'habitat* must keep the record of all loans made available by it or acquired by it. This record must specify the type and value of the security and guarantees attached to such loans and the type and amount of the liabilities benefiting from the *Privilège*.

Pursuant to the CRBF Regulation, *sociétés de financement de l'habitat* must send to the *Autorité de contrôle prudentiel et de résolution*, no later than on 10 June of each year, information relating to the quality of the assets they are financing. This report is published within forty-five (45) calendar days of the general meeting approving the financial statements of the year then ended. In particular, the characteristics, details of the distribution of home loans and guarantees, the total of any unpaid amounts, the distribution of debts by amount and by category of debtors, the proportion of early repayments, and the level and sensitivity of the position of interest rates are required to be included as part of the latter report. *Sociétés de financement de l'habitat* must also publish the same information within forty-five (45) calendar days of the end of each quarter. The Issuer will comply with all the foregoing regulations.

### **Financing portion (*quotité de financement*)**

Pursuant to Article R. 513-1 of the French Monetary and Financial Code (*Code monétaire et financier*) to which Article R. 513-19 of the same code expressly refers, a *société de financement de l'habitat* may only finance the home loans through issuance of *obligations de financement de l'habitat* or other resources benefiting from the *Privilège* up to the lowest of the following amounts:

- the principal outstanding amount of the home loan;
- the product of (i) the value of the financed real estate by guaranteed home loans or of the charged residential real estate for mortgage home loan and (ii) the applicable "financing portion" (*quotité de financement*) referred to in Article R. 513-1 of the French Monetary and Financial Code (*Code monétaire et financier*) (which in respect of certain home loans is 80%).

### **The *Privilège* (Statutory Priority in Right of Payment)**

*Obligations de financement de l'habitat* are specialized covered bonds products that can only be issued by specialised credit institutions licensed and regulated in France as *sociétés de financement de l'habitat*. *Obligations de financement de l'habitat* benefit from the legal *Privilège* under French law which provides a priority in right of payment over all the assets and revenues of the *société de financement de l'habitat* to the holders of *obligations de financement de l'habitat* and other privileged debt.

The right of payment in principal and interest under the Covered Bonds benefits from the *privilège* (statutory priority in right of payment) created by Article L. 513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) (the "***Privilège***"), and pursuant to which, notwithstanding any legal provisions to the contrary (including Livre VI of the French Commercial Code (*Code de commerce*) on insolvency proceedings):

- (i) all amounts payable to the Issuer in respect of loans or assimilated receivables, exposures and securities referred to in Articles L. 513-3 to L. 513-7 and L. 513-29 of the French Monetary and Financial Code (*Code monétaire et financier*) and forward financial instruments referred to in Article L. 513-10 of the French Monetary and Financial Code (*Code monétaire et financier*), in each case after any applicable set-off, together with the claims in respect of deposits made by the Issuer with credit institutions, shall be allocated in priority to the payment of any sums due in respect of *obligations de financement de l'habitat* (such as the Covered Bonds) and any other resources raised by the Issuer and benefiting from the *Privilège*;
- (ii) in case of conciliation (*conciliation*), safeguard (*sauvegarde*), judicial reorganisation (*redressement judiciaire*) and judicial liquidation (*liquidation judiciaire*), the amounts due by the Issuer from time to time under the *obligations de financement de l'habitat* (including the Covered Bonds) or any other resources or liabilities benefiting from the *Privilège* shall

be paid on their contractual due date, and in priority to all other Issuer's debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been paid in full, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer; and

- (iii) the judicial liquidation of the Issuer will not result in the acceleration of payment of *obligations de financement de l'habitat* and the other debts benefiting from the *Privilège*.

With respect to the Issuer, the liabilities benefiting from the *Privilège* comprise the hedging costs (if any), amounts due under the Covered Bonds, the hedging subordinated termination costs (if any), and certain amounts of fees and expenses due to the Administrator under the Administrative Agreement.

### **Overcollateralisation ratio**

Pursuant to Articles L. 513-12 and R. 513-8 of the French Monetary and Financial Code (*Code monétaire et financier*), a *société de financement de l'habitat* must at all times maintain a cover ratio (*ratio de couverture*) between its eligible assets (including so-called substitution assets (*valeurs de remplacement*)) and its liabilities benefiting from the *Privilège* (the "**Overcollateralisation Ratio**"). As of the date of this Base Prospectus, this minimum over collateralization ratio provided in the SFH Legal Framework is of at least one hundred and five per cent (105%) (the "**Minimum Legal Overcollateralisation Ratio**"). For that purpose, when the assets comprise receivables secured by collateral assets pursuant to Articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35 and L. 313-42 to L. 313-49 of the French Monetary and Financial Code (*Code monétaire et financier*), which are not substitution assets (*valeurs de remplacement*), the *société de financement de l'habitat* must take into account the assets received as collateral rather than the secured receivables, *i.e.* in the case of the Issuer, the Collateral Security Assets.

Article R.513-8 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 8 and 9 of the CRBF Regulation define the way the Overcollateralisation Ratio is calculated.

The Specific Controller certifies that the Minimum Legal Overcollateralisation Ratio is complied with every quarter and in case of issue of Covered Bonds which equals or exceeds Euro 500,000,000 or its equivalent in any other currency.

*Sociétés de financement de l'habitat* must declare their Overcollateralisation Ratio on 31 March, 30 June, 30 September and 31 December of each year.

### **Liquidity needs coverage**

Pursuant to Articles L. 513-8 and R. 513-7 of the French Monetary and Financial Code (*Code monétaire et financier*), *sociétés de financement de l'habitat* must ensure, at all times, the coverage of their cash requirements for the next one hundred and eighty (180) calendar days, taking into account expected flows in principal and interests under their assets and net flows relating to forward financial instruments set forth in Article L. 513-10 of the French Monetary and Financial Code (*Code monétaire et financier*). For that purpose, when the assets comprise receivables secured by collateral assets pursuant to Articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35 and L. 313-42 to L. 313-49 of the French Monetary and Financial Code (*Code monétaire et financier*), which are not substitution assets (*valeurs de remplacement*), the *société de financement de l'habitat* must take into account the assets received as collateral rather than the secured receivables, *i.e.* in the case of the Issuer, the Collateral Security Assets.

Pursuant to the CRBF Regulation, *sociétés de financement de l'habitat* must ensure that the average life of the eligible assets held by them, up to the minimum amount required to comply with the cover ratio referred to in Article R. 513-8 of the French Monetary and Financial Code (*Code monétaire et financier*), does not exceed more than 18 months the average life of its liabilities benefiting from the

*Privilège.* For that purpose, when the assets comprise receivables secured by collateral assets pursuant to Articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35 and L. 313-42 to L. 313-49 of the French Monetary and Financial Code (*Code monétaire et financier*), which are not substitution assets (*valeurs de remplacement*), the *société de financement de l'habitat* must take into account the assets received as collateral rather than the secured receivables, *i.e.* in the case of the Issuer, the Collateral Security Assets. With respect to the Issuer, this requirement would be taken into account in the Collateral Security Agreement and for each issuance of Covered Bonds.

On the date of this Base Prospectus, the needs in cash must be covered by substitution assets (*valeurs de remplacement*) or by other assets that are eligible as collateral to credit transactions with the *Banque de France* in accordance with the monetary policy and intra-day credit operations rules of the Eurosystem.

**Subscription by the *société de financement de l'habitat* of its own *obligations de financement de l'habitat* as eligible collateral with the *Banque de France***

Pursuant to Article L. 513-26 of the French Monetary and Financial Code (*Code monétaire et financier*), a *société de financement de l'habitat* may subscribe to its own *obligations de financement de l'habitat* for the sole purpose of granting them as eligible collateral with the *Banque de France* in accordance with the rules of the Eurosystem, provided that the liquidity needs of the *société de financement de l'habitat* cannot be funded otherwise. Such recognition as eligible collateral will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. The *obligations de financement de l'habitat* thus subscribed by the *société de financement de l'habitat* must meet the following conditions:

- their outstanding principal amount does not exceed ten per cent. (10%) of the outstanding principal amount of any liabilities of the *société de financement de l'habitat* benefiting from the *Privilège* on the subscription date of the *obligations de financement de l'habitat* by the *société de financement de l'habitat*;
- they are deprived of the rights provided for under Articles L. 228-46 to L. 228-89 of the French Commercial Code (*Code de commerce*) for so long as they are held by the *société de financement de l'habitat*;
- they are granted as collateral to the French central bank (*Banque de France*) or they are cancelled within the eight (8) calendar days from their settlement date or from the date they are no more granted as collateral, as applicable; and
- they cannot be subscribed by a third party.

The Specific Controller certifies these conditions are met in a report delivered to the *Autorité de contrôle prudentiel et de résolution*.

## MATERIAL CONTRACTS

As of the date of this Base Prospectus, the main contracts entered into by the Issuer are as follows:

- (i) the *Convention d'Externalisation et de Mise à Disposition de Moyens* dated 24 October 2008 (as it may be amended from time to time) pursuant to which the Issuer has delegated to Crédit Mutuel Arkéa its compliance control, ongoing internal control and periodic internal control, risks control and other operational services;
- (ii) the "**Administrative Agreement**" being an agreement dated 5 December 2008 (the "**Signing Date**") (as it may be amended from time to time) and entered into between Arkéa Home Loans SFH, as Issuer and Crédit Mutuel Arkéa, as Administrator (the "**Administrator**") pursuant to which the Administrator was appointed to, *inter alia*, (i) render administrative services to the Issuer (including all necessary advice, assistance and know-how, whether technical or not, day to day management and corporate administration services), (ii) act on behalf of the Issuer in connection with the exercise of each of its rights and performance of each of its obligations under the Programme Documents, (iii) until no Borrower Event of Default has occurred, perform the management and servicing of the Borrower Advances made available to the Borrower under the Borrower Facility Agreement, (iv) upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default and upon the Issuer taking title to the Collateral Security Assets, perform the servicing of such assets or if the servicing of such assets is transferred to a substitute servicer procure that the servicing of such assets shall be performed by such substitute servicer pursuant to a servicing agreement to be entered into by the Issuer and such substitute servicer in accordance with Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*) and (v) perform the management and servicing of the Covered Bonds and of the other resources of the Issuer mentioned in Article L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*) and (vi) assist the Issuer in opening and operating its bank accounts and in the management and investment of its available cash in the following permitted investments (the "**Permitted Investments**"):
  - (a) Euro denominated government securities, Euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of sixty (60) calendar days or less and mature on or before the next following Payment Date and the short-term or, as applicable, long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least P-1 (short-term) or A2 (long-term) by Moody's and A-1 (short-term) or A (long-term) by S&P;
  - (b) Euro denominated government securities, Euro demand or time deposits, certificates of deposit and debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of three hundred sixty five (365) calendar days or less, and the short-term or, as applicable, long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least P-1 (short-term) or Aa3 (long-term) by Moody's and A-1+ (short-term) or AA- (long-term) by S&P;
  - (c) Euro denominated government securities, Euro demand or time deposits, certificates of deposit which have a remaining maturity date of more than three

hundred sixty five (365) calendar days, and the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least Aaa by Moody's and AAA by S&P;

- (d) deposits of cash on accounts opened within the books of any central bank eligible under the SFH Legal Framework.
- (iii) the multicurrency term facility agreement (the "**Borrower Facility Agreement**") governed by French law dated the Signing Date (as it may be amended from time to time) and entered into between the Issuer, as lender (in such capacity, the "**Lender**") and Crédit Mutuel Arkéa, as borrower (in such capacity, the "**Borrower**") pursuant to which the Lender shall use the proceeds from the issuance of the Covered Bonds under the Programme to fund advances (each, a "**Borrower Advance**") in an aggregate maximum amount equal to €10,000,000,000 (the "**Borrower Facility Commitment**"), it being specified that:
- (a) terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance shall mirror the equivalent terms and conditions of the corresponding Final Terms of Covered Bonds, save for the margin and extension of maturity, as applicable, if such Borrower Advance is funded by a Series of Soft Bullet Covered Bonds;
- (b) the Borrower Facility Agreement contains usual and customary clauses for this type of financing;
- (c) in addition to payment of any sums due under the Borrower Advances (in interest and principal), the Borrower also undertakes to pay to the Lender broken funding indemnities and other indemnities as a result of a Borrower Event of Default, such as, without limitation, any termination costs due and payable by the Lender under the hedging agreement(s) (if any) which would not be subordinated to the full and final redemption of the then outstanding Covered Bonds and any other servicing fee or ancillary cost benefiting from the *Privilège* sustained or incurred by the Lender, including for any such amounts due as from the occurrence of a Borrower Event of Default until the full redemption of the Covered Bonds; and
- (d) each of the following events constitutes the occurrence of an event of default under the Borrower Facility Agreement (each, a "**Borrower Event of Default**"):
  - the Borrower fails to pay any sum due under the Borrower Facility Agreement when due, in the currency and in the manner specified therein; provided, however, that where such non-payment is due to an administrative error or the failure of continuing external payment systems or clearing systems reasonably used by the Borrower and such payment is made by the Borrower within three (3) Business Days of such non-payment, such non-payment shall not constitute a Borrower Event of Default;
  - a Breach of Asset Cover Test occurs;
  - a Breach of Pre-Maturity Test occurs;
  - a Breach of Collection Loss Reserve Funding Requirement occurs;
  - any material representation or warranty made by the Borrower, in the Borrower Facility Agreement or in any notice or other document,

- certificate or statement delivered by it pursuant thereto or in connection therewith is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;
- the Borrower fails to comply with any of its material obligations under the Borrower Facility Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;
  - any Collateral Provider(s) fail to comply with any of its/their material obligations under the Programme Documents unless such breach is capable of remedy and is remedied (within sixty (60) Business Days after the earlier of (i) the date on which the Administrator or the Issuer has given notice thereof to the Borrower and the Collateral Security Agent or (ii) the date on which the Borrower or the Collateral Security Agent has knowledge of the same) and provided that the Issuer, at its discretion, certifies that it is prejudicial to the interest of the holders of the relevant Covered Bonds and the Issuer;
  - the Borrower fails to pay any sum due to any relevant Collateral Provider as Collateral Security Fee under the Collateral Security Agreement when due and such failure is not remedied within sixty (60) Business Days after such failure;
  - as regards the Borrower, an Insolvency Event occurs;
  - any effect, event or matter (regardless of its nature, cause or origin and in particular the commencement of any legal, administrative or other proceedings against the Borrower) occurs which is or could be reasonably expected to be materially adverse to (i) the financial or legal situation, assets, business or operations of the Borrower and (ii) the ability of the Borrower to perform its payment obligations or the financial covenants under any of the Programme Documents;
  - at any time it is or becomes unlawful for the Borrower to perform or comply with any or all of its material obligations under the Borrower Facility Agreement or any of the material obligations of the Borrower under the Borrower Facility Agreement are not or cease to be legal, valid and binding; and
- (e) upon the occurrence of a Borrower Event of Default, the Issuer (represented by the Administrator or the Issuer Independent Representative) shall, by written notice (such notice to constitute a *mise en demeure*) to the Borrower (with copy to (i) the Collateral Security Agent, (ii) the Issuer Independent Representative (if the Borrower Enforcement Notice is delivered by the Administrator), (iii) the Administrator (if the Borrower Enforcement Notice is delivered by the Issuer Independent Representative) and (iv) (in each instance) the Rating Agencies), (x)

declare that (i) no further Borrower Advances shall be made available under the Borrower Facility Agreement, and (ii) the then outstanding Borrower Advances are immediately due and payable and (y) enforce the rights of the Lender under the Collateral Security Agreement and the Cash Collateral Agreement for the repayment of any sum due by the Borrower under the Borrower Facility Agreement and not paid by the Borrower (whether at its contractual due date or upon acceleration) (a "**Borrower Enforcement Notice**").

For the purpose hereof, an "**Insolvency Event**" means, with respect to any entity, the occurrence of any of the following events:

- (a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, is en *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;
- (b) the relevant entity by reason of financial difficulties, begins formal negotiations with one (1) or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement other than a *procédure de conciliation* or the appointment of a *mandataire ad hoc* pursuant to new Article L. 611-16 of the French Commercial Code (*Code de commerce*);
- (c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;
- (d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) calendar days;
- (e) any order for the winding-up or administration of the relevant entity is issued;
- (f) a judgment is issued for the judicial liquidation (*liquidation judiciaire*), the safeguard procedure of the relevant entity (*procédure de sauvegarde*), the rescheduling of the debt of the relevant entity (*redressement judiciaire*) or the transfer of the whole or part of the business of the relevant entity (*cession de l'entreprise*) pursuant to Articles L. 620-1 *et seq.* of the French Commercial Code (*Code de commerce*) or the accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or, the accelerated financial safeguard (*procédure de sauvegarde financière accélérée*) or, to the extent permitted by applicable law, any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any "*mandataire ad hoc*", "*administrateur judiciaire*", "*administrateur provisoire*", "*conciliateur*" or "*mandataire liquidateur*") is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment; it being understood that the appointment of an ad hoc representative (*mandataire ad hoc*) or entering into a conciliation procedure (*procédure de conciliation*) or being subject to such application with its principal creditors will not constitute an event of default pursuant to new Article L. 611-16 of the French Commercial Code (*Code de commerce*). Pursuant to such new Article L. 611-16 of the French Commercial Code (*Code de commerce*), any contractual provision to the contrary shall be null and void;

- (iv) the agreement governed by French law dated on the Signing Date (as it may be amended from time to time) and entered into between (i) the Issuer, in its capacity as Lender, (ii) collateral providers belonging to the Crédit Mutuel Arkéa Group (including Belgian entities) and complying with other cumulative eligibility criteria (the "**Collateral Providers**") (as amended from time to time) and (iii) Crédit Mutuel Arkéa, in its respective capacity as Borrower, Collateral Provider, Collateral Security Agent, Administrator and Issuer Calculation Agent (the "**Collateral Security Agreement**") pursuant to which the Collateral Providers, represented by the Collateral Security Agent, shall grant eligible Home Loan receivables either governed by French law or by Belgian law (the "**Eligible Assets**") as collateral security (*remise en garantie financière à titre de sûreté*) pursuant to Articles L. 211-36 to L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) (the "**Collateral Security**") in order to secure, as they become due and payable, the payments of all and any amounts (whether in principal, interest, fees, indemnities or guarantees) owed by the Borrower under the Borrower Facility Agreement, whether present or future (the "**Secured Liabilities**"), it being specified that:
- (a) "**Crédit Mutuel Arkéa Group**" means Crédit Mutuel Arkéa, the Crédit Mutuel Entities and any Other Entity;
- (b) "**Crédit Mutuel Entity**" means any *Caisse de Crédit Mutuel* (within the meaning of Articles L. 512-55 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*)) which is affiliated to the *Fédération de Crédit Mutuel de Bretagne*, the *Fédération de Crédit Mutuel du Sud-Ouest* or the *Fédération de Crédit Mutuel du Massif Central*;
- (c) "**Other Entity**" means any Collateral Provider controlled by Crédit Mutuel Arkéa within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*) and which is not a Crédit Mutuel Entity (including Belgian entities);
- (d) title to the Eligible Assets granted as Collateral Security shall not be transferred in favour of the Issuer until perfection of the Collateral Security. The Issuer shall be vested in the title to such Eligible Assets only upon enforcement of the Collateral Security, if any such enforcement occurs in accordance with the terms of the Collateral Security Agreement;
- (e) an "**Eligible Asset**" means, in relation to Collateral Security granted by any and all Collateral Providers, any Home Loan receivable either governed by French law or by Belgian law, that complies, or whose underlying Home Loan complies (each, a "**relevant Home Loan**"), with the requirements of the SFH Legal Framework and some additional contractual eligibility criteria which may be amended from time to time subject to prior Rating Affirmation (the "**Home Loan Eligibility Criteria**"). On the date of this Base Prospectus, the Home Loan Eligibility Criteria are the following:
- prior to the date upon which the relevant Home Loan has been made available to the borrower thereof, all lending criteria and conditions precedent as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied;
  - the purpose of the relevant Home Loan is either to buy, to renovate, to build or to refinance a property;
  - the underlying property is residential;

- the relevant Home Loan is governed by French law and the underlying property is located in France or the relevant Home Loan is governed by Belgian law and the underlying property is located in Belgium;
- the relevant Home Loan is denominated in Euro;
- whole or part of the sums due under the relevant Home Loan benefits from an effective Home Loan Security;
- on the date on which the Collateral Security Agent, acting in the name and on behalf of the relevant Collateral Provider, notifies the other parties that relevant Home Loan is effectively granted as Collateral Security (the "**Collateral Effective Date**"), the current principal balance of such Home Loan is no more than €750,000;
- on the relevant Collateral Effective Date, the loan-to-value of the relevant Home Loan is no more than one hundred per cent. (100%);
- on the relevant Collateral Effective Date, the remaining term for the relevant Home Loan is no more than twenty-five (25) years;
- the borrower under the relevant Home Loan has paid at least one (1) instalment of interest in respect of the relevant Home Loan;
- the borrower under the relevant Home Loan is (i) in respect of a Home Loan other than governed by Belgian law, an individual or a real estate civil partnership (*société civile immobilière*); or (ii) in respect of a Home Loan governed by Belgian law, an individual (acting for a purpose other than a commercial, industrial, artisanal or liberal (*activité commerciale, industrielle, artisanale ou libérale*) activity);
- the borrower under the relevant Home Loan is not an employee of the relevant Collateral Provider;
- the relevant Home Loan is current (*i.e.* does not present any arrears) as at the relevant Collateral Effective Date;
- the relevant Home Loan is either monthly or quarterly amortising or is amortised in fine;
- the borrower under the relevant Home Loan does not benefit from a contractual right of set off;
- the opening by the borrower under the relevant Home Loan of a bank account dedicated to payments due under the relevant Home Loan is not provided for in the relevant contractual arrangements as a condition precedent to the originator of the relevant Home Loan making the relevant Home Loan available to the borrower under the relevant Home Loan;
- on the relevant Collateral Effective Date, the borrower is rated at least D+ under the internal credit scale of Crédit Mutuel Arkéa Group;
- except where prior Rating Affirmation has been obtained, no amount drawn under the relevant Home Loan is capable of being redrawn by the borrower thereof (*i.e.* the relevant Home Loan is not flexible).

If it is confirmed that a Home Loan ceases to comply with one (1) or several of the above Home Loan Eligibility Criteria (each, an "**Ineligible Home Loan**"), any Home Loan receivable granted as Collateral Security under such Ineligible Home Loan shall account for zero (0) for the purpose of the calculation of the Asset Cover Test on the relevant Asset Cover Test Date. In addition, the Collateral Security Agent, acting in the name and on behalf of the relevant Collateral Provider(s), may request that any Home Loan receivable granted as Collateral Security under such Ineligible Home Loan be released from the scope of the Collateral Security.

For the purpose hereof:

"**Home Loan**" means each and any loan financing the acquisition of residential real estate property originated by any Collateral Provider.

"**Home Loan Security**" means (i) in respect of a Home Loan other than governed by Belgian law, a Mortgage or a Home Loan Guarantee; or (ii) in respect of a Home Loan governed by Belgian law, a Mortgage.

"**Home Loan Guarantee**" means (i) each and any French law joint and several guarantee or other type of French law guarantee granted by *Crédit Logement*, by *L'Équité*, by *CNP Caution* or by *AXA France IARD* or, (ii) subject to Rating Affirmation, a credit institution or a financing company (*société de financement*) of the EEA specialised in the guaranteeing of loans financing the acquisition of residential real estate property and guaranteeing the Home Loans; or (iii), subject to Rating Affirmation, each and any financial guarantee or other type of guarantee provided by insurance companies or mutual insurance companies and guaranteeing the Home Loans.

"**Mortgage**" means:

- in respect of Home Loan receivables governed by French law, each French law duly registered first ranking mortgage (and in particular, any *hypothèque*) or similar first ranking legal privilege (and in particular, any *privilège de prêteur de deniers*) securing the repayment of any given Home Loan, or any French law second ranking mortgage securing the repayment of any given Home Loan if the relevant first ranking mortgage is granted to secure the repayment of a Home Loan which receivable is granted as Collateral Security;
  - in respect of Home Loan receivables governed by Belgian law, each Belgian law duly registered first ranking mortgage (*hypothèque*) securing the repayment of any given Home Loan, or any Belgian law second ranking mortgage securing the repayment of any given Home Loan if the relevant first ranking mortgage is granted to secure the repayment of a Home Loan which receivable is granted as Collateral Security;
- (f) Eligible Assets shall be validly granted as Collateral Security and shall qualify as "**Collateral Security Assets**" for the purposes of the Collateral Security Agreement only upon satisfaction of numerous conditions precedents, including in particular that the same shall have been duly identified in accordance with certain identification requirements;
- (g) the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, shall monitor the Collateral Security Assets so as to at all times comply

with the Asset Cover Test and the Minimum Legal Overcollateralisation Ratio (as further described in section "**Asset Monitoring**");

- (h) the Collateral Providers shall perform the servicing of the Collateral Security Assets in accordance with applicable laws and its customary servicing procedures (which may provide for the servicing of certain Collateral Security Assets by another Collateral Provider) (the "**Servicing Procedures**"), using the degree of skill, care and attention as for the servicing of their assets for their own account, without interfering with the Issuer's material rights under the Collateral Security Agreement and the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, shall regularly provide the Issuer with up-to-date asset reports;
- (i) if a Servicing Rating Trigger Event occurs, the Administrator will notify the Issuer in writing of the occurrence of such event and then within thirty (30) Business Days of such occurrence, the Issuer and the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will use reasonable endeavours to appoint a new servicer (whose (i) long-term senior unsecured, unsubordinated and unguaranteed debt obligations (if rated) are rated at least BBB by S&P or (ii) long-term senior unsecured, unsubordinated and unguaranteed debt obligations (if rated) are rated at least Baa2 by Moody's or (iii) after the date hereof, any other rating levels (x) as may be required by applicable laws and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (y) commensurate with the then current ratings of the Covered Bonds) for the servicing of any and all Collateral Security Assets;

for the purposes hereof, "**Servicing Rating Trigger Event**") means, with respect to the Borrower, the event in which (i) its short-term senior unsecured, unsubordinated and unguaranteed debt obligations become rated below A-3 by S&P or (ii) its short-term senior unsecured, unsubordinated and unguaranteed debt obligations become rated below P-3 by Moody's or (iii) after the date hereof, any other rating levels (x) as may be required by applicable laws and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (y) commensurate with the then current ratings of the Covered Bonds;

- (j) on a quarterly basis, the Borrower shall pay to the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers (except Crédit Mutuel Arkéa) with respect to the Collateral Providers, a remuneration for the commitment of such Collateral Providers to grant assets as Collateral Security under the Collateral Security Agreement and / or for granting assets as Collateral Security under the Collateral Security Agreement, (the "**Collateral Security Fee**");
- (k) upon the service by the Issuer (represented by the Issuer Independent Representative or by the Administrator) to the Borrower of a Borrower Enforcement Notice subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement following the occurrence of a Borrower Event of Default, the Issuer (represented by the Issuer Independent Representative or by the Administrator) shall be entitled to exercise any and all rights, actions and privileges with respect to the Collateral Security Assets. In particular, with immediate effect as from the service to the Borrower of a Borrower Enforcement Notice in respect of the Collateral Security Assets:
  - the Collateral Providers shall no longer be entitled to service the Collateral Security Assets;

- the Issuer shall be vested in all the rights of title, all discretions, benefits and all other rights of the Collateral Providers with respect to the Collateral Security Assets and related documents, including, without any formality whatsoever, all rights of title, all discretions, benefits and all other rights in relation to any right, privilege, guarantee or security interest (*droit accessoire, privilège, garantie ou sûreté*) ancillary or, as the case may be, attached to the Collateral Security Assets (and, in particular, any and all relevant Home Loan Security) whatever the value of Collateral Security Assets at the time of enforcement but subject to the repayment claim (*créance de restitution*) of the Collateral Providers against the Issuer once full satisfaction of the Secured Liabilities; and
  - after transfer of title with respect to the Collateral Security Assets, the Issuer (represented by the Issuer Independent Representative or by the Administrator or any of its representative, agent or expert acting on its behalf) may dispose of, transfer, sell or cause to be sold, any or all the Collateral Security Assets to any third party or refinance the same (by way of securitisation or otherwise) and the Administrator shall perform the servicing of such assets, unless the servicing of such assets is transferred to a substitute servicer.
- (v) the agreement governed by French law dated on the Signing Date (as it may be amended from time to time) entered into between (i) the Issuer in its capacity as Lender, and (ii) Crédit Mutuel Arkéa in its capacity as Cash Collateral Provider (the "**Cash Collateral Provider**"), Administrator and Issuer Calculation Agent (the "**Cash Collateral Agreement**") pursuant to which the Cash Collateral Provider shall fund certain amounts as cash collateral (*gage espèces*) (each, a "**Cash Collateral**") as security to the Secured Liabilities and in particular:
- (a) the Cash Collateral Provider shall fund the Cash Collateral Account up to an amount determined in accordance with the provisions of the Cash Collateral Agreement to meet certain liquidity tests as described in the sections entitled "**Asset Monitoring - The Legal Liquidity Reserve**" and "**Asset Monitoring - Pre-Maturity Test**"; and
  - (b) upon downgrading of the credit ratings of Crédit Mutuel Arkéa below at least one (1) of the following ratings: Baa2 (long-term) by Moody's, BBB (long-term) by S&P or any other credit rating trigger which may be agreed with the Rating Agencies after the Signing Date (a "**Collection Loss Trigger Event**") and within ten (10) Business Days-period following the occurrence of such Collection Loss Trigger Event, the Cash Collateral Provider shall be required:
    - to pay, to the credit of the Collection Loss Reserve Account, an amount equal to the collections received by the Collateral Providers under the Home Loan receivables granted as Collateral Security during the two and half (2.5) calendar months preceding the date of the occurrence of the Collection Loss Trigger Event, as such occurrence shall be reported to the Issuer, the Administrator and the Issuer Calculation Agent (with a copy to the Rating Agencies) within the above-mentioned ten (10) Business Day-period, and
    - further, to adjust, on each Selection Date, the amount standing to the credit of this Collection Loss Reserve Account so that it is an amount equal to the sum of collections received by the Collateral Providers under the Home Loans granted as Collateral Security during the preceding two

and half (2.5) calendar months preceding the last Business Day of the calendar month immediately preceding such Selection Date, and any such adjustment shall be reported to the Issuer, the Administrative Agent and the Calculation Agent (with a copy to the Rating Agencies),

it being provided that failure by the Cash Collateral Provider to fund the Collection Loss Reserve Account up to the required amount within the required period following the occurrence date of the Collection Loss Trigger Event shall constitute a "**Breach of Collection Loss Reserve Funding Requirement**" and that a Breach of Collection Loss Reserve Funding Requirement constitutes the occurrence of a Borrower Event of Default;

(c) in respect of each Cash Collateral funded pursuant to the terms of the Cash Collateral Agreement, the Cash Collateral Provider shall have the right to request from the Issuer the release of such Cash Collateral under the following circumstances:

- while such Cash Collateral has been funded upon a Pre-Maturity Rating Downgrade Event, the Borrower regains the Pre-Maturity Rating Required Level; or
- if, on a given date, (i) the amount of Cash Collateral standing to the credit of the Cash Collateral Account exceeds the applicable CCRFA on such date or (ii) the amount of Cash Collateral standing to the credit of the Collection Loss Reserve Account exceeds the amount that must be funded in each such account pursuant to the terms of the Cash Collateral Agreement,

provided that in all cases, an amount equal to the Legal Liquidity Reserve remains at any time on the credit of the Cash Collateral Account after such release;

(d) upon the service by the Issuer (represented by the Issuer Independent Representative or by the Administrator) to the Borrower of a Borrower Enforcement Notice subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement following the occurrence of a Borrower Event of Default, the Issuer (represented by the Issuer Independent Representative or by the Administrator) shall be entitled to apply to the repayment of the Secured Liabilities all sums standing to the credit of the Cash Collateral Account and the Collection Loss Reserve Account. Any sum remaining to the credit of the Cash Collateral Account and the Collection Loss Reserve Account after satisfaction in full of the Secured Liabilities shall be repaid to the Cash Collateral Provider in accordance with the relevant Priority Payment Order. The Cash Collateral Provider will not benefit from the *Privilège* for the repayment of any amounts constituting any Cash Collateral.

(vi) the agreement governed by French law dated on the Signing Date (as it may be amended from time to time) and entered into between the Issuer and Crédit Mutuel Arkéa, as Issuer Accounts Bank (the "**Issuer Accounts Bank**") (the "**Issuer Accounts Agreement**") pursuant to which the Issuer Accounts Bank is appointed for the opening and operation of the Issuer's bank accounts (the "**Issuer Accounts**"). In particular:

(a) Issuer Accounts opened (or to be opened) in the name of the Issuer in the books of the Issuer Accounts Bank include:

- the "**Issuer Cash Accounts**", including the Issuer General Account (denominated in Euro), the Cash Collateral Account (denominated in Euro), the Share Capital Proceeds Account (denominated in Euro) and, as the case may be, the Collection Loss Reserve Account (denominated in Euro); and
- the "**Issuer Securities Accounts**", which are securities accounts (comptes d'instruments financiers) opened in relation to each Issuer Cash Account,

it being provided that the Administrator may, to the extent permitted by the SFH Legal Framework, (i) open the Issuer Accounts within the books of any central bank in lieu of the Issuer Accounts Bank or (ii) open within the books of the Issuer Accounts Bank or any central bank, any new bank cash account in the name of the Issuer which may be necessary or advisable for the performance by the Issuer of its rights and obligations under any Programme Document, and notably in case of issuance of Covered Bonds denominated in a Specified Currency other than Euro provided that an Issuer Securities Account (compte de titres financiers) is opened in relation to each such Issuer Cash Account.

- (b) all sums standing to the credit balance of the Issuer Cash Accounts may be invested from time to time in Permitted Investments by the Administrator;
- (c) the Issuer General Account shall be credited or debited by the Issuer Accounts Bank, acting upon the instructions of the Issuer (or the Administrator acting on its behalf), with any and all amounts which are not specified to be credited or debited to any other Issuer Cash Accounts (the "**Issuer General Account**");
- (d) the Cash Collateral Account shall be credited and debited only subject to, and in accordance with, the Cash Collateral Agreement as described in sections "**Asset Monitoring - The Legal Liquidity Reserve**" and "**Asset Monitoring - The Pre-Maturity Test**" (the "**Cash Collateral Account**");
- (e) the Administrator shall open a Collection Loss Reserve Account (the "**Collection Loss Reserve Account**"), in the name of the Issuer and within the books of the Issuer Accounts Bank, whenever a Cash Collateral is to be funded by the Cash Collateral Provider into any such account upon the occurrence of a Collection Loss Trigger Event;
- (f) upon instruction of the Issuer (or the Administrator acting on its behalf), an Issuer Cash Account shall be credited with the amount of the Issuer's share capital and the Subordinated Loan (the "**Share Capital Proceeds Account**");
- (g) the Issuer shall terminate the appointment of the Issuer Accounts Banks under the Issuer Accounts Agreement and appoint subject to prior Rating Affirmation a substitute entity, at the costs of the Issuer Accounts Bank, upon the occurrence of one of the following events (each an "**Issuer Accounts Bank Termination Event**"):
  - the occurrence of any Issuer Accounts Bank's Default;
  - the failure to comply with one or the other remedies to an Issuer Accounts Bank Rating Trigger Event within sixty (60) calendar days (or if the S&P Extension Condition and the Moody's Extension Condition are met within such sixty (60) calendar days, then within ninety (90) calendar

days of the day on which such Issuer Accounts Bank Rating Trigger Event occurs); or

- as long as the Borrower is also the Issuer Accounts Bank, a Borrower Event of Default has occurred,

Whereby:

Each of the following events shall constitute an Issuer Accounts Bank's Default (a "**Issuer Accounts Bank's Default**"):

- (a) any material representation or warranty made by the Issuer Accounts Bank is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof to the Issuer Accounts Bank or (if sooner) the Issuer Accounts Bank has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;
- (b) the Issuer Accounts Bank fails to comply with any of its material obligations under the Issuer Accounts Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Issuer has given notice thereof to the Issuer Accounts Bank or (if sooner) the Issuer Accounts Bank has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;
- (c) an Insolvency Event occurs in respect of the Issuer Accounts Bank; or
- (d) at any time it is or becomes unlawful for the Issuer Accounts Bank to perform or comply with any or all of its material obligations under the Issuer Accounts Agreement or any or all of its material obligations under the Issuer Accounts Agreement are not, or cease to be, legal, valid and binding.

If the senior unsecured, unsubordinated and unguaranteed debt obligations of the then appointed Issuer Accounts Bank become rated below P-1 (short-term) by Moody's or A-1 (short-term) by S&P (an "**Issuer Accounts Bank Rating Trigger Event**"), the Issuer Accounts Bank will notify the Issuer in writing of the occurrence of such event. Within sixty (60) calendar days of such occurrence (or if the S&P Extension Condition and the Moody's Extension Condition are met within such sixty (60) calendar days, then within ninety (90) calendar days of the day on which such Issuer Accounts Bank Rating Trigger Event occurs) either:

- (a) the Issuer (or the Administrator acting on its behalf) shall have closed then existing Issuer Bank Accounts and opened new accounts in its name under the terms of a new Issuer Accounts Agreement substantially on the same terms as the Issuer Accounts Agreement, with another financial institution whose senior unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 (short-term) by Moody's or A-1 (short-term) by S&P; or
- (b) subject to prior Rating Affirmation, the Issuer Accounts Bank has obtained a guarantee of its obligations under the Issuer Accounts Agreement on

terms acceptable to the Issuer, acting reasonably, from a financial institution whose senior unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 (short-term) by Moody's or A-1 (short-term) by S&P;

provided that failure to comply with the provisions of paragraph (a) or paragraph (b) above within the relevant sixty (60) calendar day-period (or if the S&P Extension Condition and the Moody's Extension Condition are met within such sixty (60) calendar days, then within ninety (90) calendar days of the day on which such Issuer Accounts Bank Rating Trigger Event occurs) shall constitute an Issuer Accounts Bank Termination Event within the meaning of the Issuer Accounts Agreement.

For the purpose hereof:

**"Moody's Extension Condition"** means with respect to any proposed action by the Issuer, the Issuer has provided Moody's with its proposals in writing and Moody's has confirmed to the Issuer it will delay the relevant rating action that would otherwise have been taken.

**"S&P Extension Condition"** means with respect to any proposed action by the Issuer, the Issuer has provided S&P with its proposals in writing and S&P has confirmed to the Issuer it will delay the relevant rating action that would otherwise have been taken.

For the avoidance of doubt, the same shall apply to each substitute Issuer Account Bank that would become party to the Issuer Accounts Agreement in lieu of Crédit Mutuel Arkéa or that would execute an Issuer Accounts Agreement substantially in the form of the Issuer Accounts Agreements entered into by the Issuer and Crédit Mutuel Arkéa.

- (vii) the agreement governed by French law dated on the Signing Date (as it may be amended from time to time) and entered into between (i) the Issuer and (ii) Crédit Mutuel Arkéa, in its capacity as Issuer Calculation Agent (the **"Issuer Calculation Agent"**) pursuant to which the Issuer Calculation Agent is appointed for the purposes of any calculation and determinations to be made under the Programme Documents (but excluding all calculation and determinations to be made with respect to the Series of Covered Bonds, such calculation and determinations to be made on behalf of the Issuer by the Calculation Agent under the Issuer Agency Agreement), and in particular:
- all and any calculation in relation to the Borrower Facility Agreement, including, but not limited to, any interest and principal amounts and the effective global rate (*taux effectif global*);
  - all and any calculation in relation to the Collateral Security Agreement, including, but not limited to, the Asset Cover Test (see section **"Asset Monitoring"**);
  - any and all calculation in relation to the Cash Collateral Agreement, including, but not limited to, the Legal Liquidity Reserve and the Cash Collateral to be funded to the Collection Loss Reserve Account (see section **"Asset Monitoring"**);
  - all and any calculation in relation to the Amortisation Test (see section **"Asset Monitoring"**).

- (viii) the agreement governed by French law dated on the Signing Date (as it may be amended from time to time) and made between (i) the Issuer, (ii) the Issuer Calculation Agent or, as applicable, the Administrator (the "**Asset Monitor Agreement**") as supplemented by the letter dated on the Signing Date, issued by Deloitte & Associés as Asset Monitor (the "**Asset Monitor**") and duly accepted by the Issuer (the "**Engagement Letter**") pursuant to which, Deloitte & Associés has been appointed as Asset Monitor by the Issuer to carry out, subject to due receipt of the information to be provided by the Issuer Calculation Agent to the Asset Monitor, various testing and notification duties in relation to the calculations performed by the Issuer Calculation Agent in relation to the Asset Cover Test and the Amortisation Test subject to and in accordance with the terms of the Asset Monitor Agreement and in particular:
- if the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of Crédit Mutuel Arkéa become rated below Baa2 by Moody's or BBB by S&P (a "**Calculation Monitoring Rating Trigger Event**") and for so long as such Calculation Monitoring Rating Trigger Event is continuing, or, if the Asset Monitor has been notified of the occurrence of a Non-Compliance with Asset Cover Test or of a Non Compliance with Amortisation Test (see section "**Asset Monitoring**"), and subject to receipt of the information to be provided to the Asset Monitor, the Asset Monitor shall conduct the tests of the Issuer Calculation Agent's calculations referred to above, as applicable, in respect of every Asset Cover Test Date or Amortisation Test Date, as applicable;
  - If the tests conducted by the Asset Monitor in accordance with the provisions above reveal arithmetic errors in the relevant calculations performed by the Issuer Calculation Agent such that (i) the Asset Cover Test had been failed on the relevant Asset Cover Test Date (where the Issuer Calculation Agent had recorded it as being satisfied); or (ii) the Amortisation Test had been failed on the relevant Amortisation Test Date (where the Issuer Calculation Agent had recorded it as being satisfied), and subject to receipt of the information to be provided to the Asset Monitor for a period of six (6) months thereafter, the Asset Monitor shall conduct the tests of the Issuer Calculation Agent's calculations referred to above, in respect of every Asset Cover Test Date or each Amortisation Test Date, as applicable, occurring during such six (6)-month period;
  - The Asset Monitor shall notify the Issuer, in writing, of the relevant calculations performed by the Issuer Calculation Agent and of the results of its tests of the accuracy of the Issuer Calculation Agent's calculations. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor will report the correct calculation of the Asset Cover Test or Amortisation Test, as applicable. The Issuer shall transfer any notifications and reports received from the Asset Monitor to the parties to the Asset Monitor Agreement (with copy to the Rating Agencies), promptly upon receipt of such notifications and reports.
- (ix) the Dealer Agreement in relation to the Programme (see section "**Subscription and Sale**");
- (x) the Agency Agreement in relation to the Programme (see section "**Terms and Conditions of the French law Covered Bonds**").

## ASSET MONITORING

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will include German law and French law Covered Bonds and the expression "Bondholders" includes any holder of such Covered Bonds, in the following section.*

Under the Collateral Security Agreement and for so long as no Borrower Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Collateral Security Agent and the Collateral Providers shall monitor the Collateral Security Assets so as to ensure compliance with an asset cover test (the "**Asset Cover Test**").

Under the SFH Legal Framework, the Specific Controller shall check compliance by the Issuer with the Minimum Legal Overcollateralisation Ratio and the Maximum Legal Substitution Assets Percentage.

Under the Cash Collateral Agreement and for so long as no Borrower Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Borrower, as Cash Collateral Provider, shall fund the Cash Collateral Account up to an amount determined in accordance with the relevant provisions of the Cash Collateral Agreement.

Under Condition 5(f) and following the enforcement of a Borrower Event of Default subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Issuer shall ensure compliance with an amortisation test (the "**Amortisation Test**").

### I. THE ASSET COVER TEST

The following terms shall have the following definitions:

"**Asset Cover Test Date**" means each Selection Date and each issuance date of a Series or a Tranche of Covered Bonds.

"**Asset Cover Test Calculation Period**" means, in relation to any Asset Cover Test Date, each period starting on, and including, the immediately preceding Asset Cover Test Date, and ending on, and excluding such Asset Cover Test Date.

"**Selection Date**" means, at the latest and with respect to any Home Loan as at the end of any calendar month, the fifteenth (15<sup>th</sup>) calendar day of the following calendar month.

Compliance with the Asset Cover Test requires compliance with the asset cover ratio R specified below (the "**Asset Cover Ratio**"). Such compliance is tested by the Issuer Calculation Agent from time to time subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and the Calculation Services Agreement.

*The Asset Cover Ratio (R)*

"**R**" means the following ratio which shall be at least equal to one (1) at each Asset Cover Test Date:

$$R = \left[ \frac{\text{Adjusted Aggregate Asset Amount (AAA)}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \right]$$

whereby:

**"Aggregate Covered Bond Outstanding Principal Amount (ACBOPA)"** means, at any Asset Cover Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) outstanding at such date under all Covered Bonds.

**"Adjusted Aggregate Asset Amount (AAAA)"** means, at any Asset Cover Test Date:

$$(AAAA) = A + B + C + D - (Y + Z)$$

whereby:

"A" means the lower of "A1" and "A2".

"A1" is equal to the sum of all Adjusted Home Loan Outstanding Principal Amounts of all Relevant Home Loans during the most recently completed Asset Cover Test Calculation Period, as such Adjusted Home Loan Outstanding Principal Amounts will be calculated on the relevant Asset Cover Test Date, whereby:

**"Adjusted Home Loan Outstanding Principal Amount"** means, with respect to each Relevant Home Loan granted as Collateral Security, the lower of:

- (i) the Home Loan Outstanding Principal Amount of such Relevant Home Loan minus the Applicable Deemed Reductions; and
- (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Relevant Home Loan minus the Applicable Deemed Reductions;

**"Applicable Deemed Reductions"** means, with respect to any Relevant Home Loan, the aggregate sum of the financial losses incurred by the Collateral Providers with respect to such Relevant Home Loan to the extent that such financial losses have been incurred as a direct result of a material breach of the Servicing Procedures by the relevant Collateral Providers during the applicable Asset Cover Test Calculation Period.

**"Home Loan Outstanding Principal Amount"** means, with respect to each Relevant Home Loan and within the limit of the sums secured by a Home Loan Security, the amount of principal outstanding at the relevant Asset Cover Test Date under such Relevant Home Loan.

**"LTV Cut-Off Percentage"** means:

- (i) eighty per cent. (80%) for each Relevant Home Loan secured by a Mortgage;
- (ii) eighty per cent. (80%) for each Relevant Home Loan secured by a Home Loan Guarantee issued by *Crédit Logement*, by *L'Équité*, by *CNP Caution* or by *AXA France IARD*;
- (iii) a percentage which will be determined in accordance with the methodologies published by the Rating Agencies from time to time for each Relevant Home Loan that has the benefit of an insurance policy with an acceptable insurer or guarantee with an acceptable financial institution, insuring the credit risk under such Relevant Home Loan; and
- (iv) a percentage which will be determined in accordance with the methodologies published by the Rating AgencyAgencies from time to time for each Relevant Home Loan not mentioned under (i) to (iii) above..

**"Index"** means the index of increases of house prices issued by PERVAL in relation to residential properties in France.

**"Indexed Valuation"** means at any date in relation to any Relevant Home Loan secured over any Property:

- (i) where the Original Market Value of that Property is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (ii) where the Original Market Value of that Property is less than the Price Indexed Valuation as at that date, the Original Market Value plus eighty per cent. (80%) of the difference between the Price Indexed Valuation and the Original Market Value.

**"Original Foreclosure Value"** in relation to any Property means the purchase price of such Property or (as applicable) the most recent valuation of such Property, as disclosed to the relevant Collateral Provider by the relevant debtor under the related Relevant Home Loan.

**"Original Market Value"** in relation to any Property means the Original Foreclosure Value divided by one (1).

**"Price Indexed Valuation"** in relation to any Property at any date means the Original Market Value of that Property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

**"Relevant Home Loan"** means, with respect to a given Asset Cover Test Date, any Home Loan from which Home Loan receivables have been granted as Collateral Security, excluding Home Loans which do not comply any more with the applicable Home Loan Eligibility Criteria.

**"A2"** is equal to the sum of all unadjusted Home Loan Outstanding Principal Amounts of all Relevant Home Loans minus the Applicable Deemed Reductions (as defined above) of all such Relevant Home Loans multiplied by the applicable Asset Percentage, whereby:

**"Asset Percentage"** means (i) ninety two point fifty per cent. (92.50%) or (ii) such percentage figure as is determined on quarterly basis by the Issuer Calculation Agent pursuant to the relevant terms of the Collateral Security Agreement.

For the purpose of the calculation of the Asset Percentage referred to in (ii) above, the Issuer Calculation Agent will calculate, on a quarterly basis (subject to below), the Weighted Average Recovery Rate ("**WARR**"), the WAFF, and the WALs (and/or such figures calculated by the Issuer Calculation Agent in accordance with any relevant alternative methodologies published by Moody's and by S&P) for all Relevant Home Loans or for a random sample of the same. The WARR, WAFF and WALs (or other relevant figures) so calculated will be incorporated by the Issuer Calculation Agent into one (1) or more cash flow models designed by the Issuer Calculation Agent in accordance with the methodologies published by Moody's and by S&P. Such models, which test the credit enhancement required in various cash flow scenarios, will indicate, on the basis of the latest WARR, WAFF and WALs figures (or other relevant figures), the Asset Percentage needed in order to provide credit enhancement to cover all such cash flow scenarios. Save where otherwise determined in accordance with the methodologies published by Moody's and by S&P, the Asset Percentage will be adjusted in accordance with the various methodologies published by Moody's and by S&P provided that the Asset Percentage may not, at any time, exceed ninety two point fifty per cent. (92.50%).

**"B"** is equal to the aggregate amount of cash standing to the credit of the Cash Collateral Account, as reported by the Collateral Security Agent in the relevant asset report.

**"C"** is equal to the aggregate value outstanding under all Eligible Substitution Assets held by the Issuer (the "**Aggregate Eligible Substitution Asset Amount (AESAA)**") provided that, the amount of the Aggregate Eligible Substitution Asset Amount (AESAA) (whatever such amount is at any Asset

Cover Test Date) shall in any event account only for up to twenty per cent. (20%) of the Adjusted Aggregate Asset Amount (AAAA) for the purposes hereof. The Aggregate Eligible Substitution Asset Amount (AESAA) shall be reported by the Collateral Security Agent in the relevant asset report. Eligible Substitution Assets will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on a methodology published by the Rating Agencies.

For the purposes of the above calculation, an "**Eligible Substitution Asset**" is:

- (a) any Legal Substitution Asset (other than a Permitted Investment) which is a Euro or another Specified Currency demand or time deposit, certificate of deposit, long-term debt obligation or short-term debt obligation (including commercial paper) provided that in all cases such investment has a remaining period to maturity of one (1) year or less and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposit is made (being duly licensed for such purposes) are rated at least P-1 (short-term) / Aa3 (long-term) by Moody's and A1+ (short-term) / AA- (long-term) by S&P; or
- (b) any Legal Substitution Asset (other than a Permitted Investment) which is a Euro or another Specified Currency denominated government and public securities, provided that such investment has a remaining maturity of one (1) year or less and is rated at least P-1 (short-term) / Aaa (long-term) by Moody's and A-1+ (short-term) or AAA (long-term) by S&P; or
- (c) any Euro or other Specified Currency denominated residential mortgage backed securities provided that such investment (i) has a remaining period to maturity of one (1) year or less, (ii) is actively traded in a continuous, liquid market on a recognised stock exchange, (iii) is held widely across the financial system and available in an adequate supply, (iv) is rated at least P-1 (short-term) / Aa3 (long-term) by Moody's and A-1+ (short-term) / AA- (long-term) by S&P, (v) is eligible for an investment by a *société de financement à l'habitat*.

"**D**" is equal to the aggregate value outstanding under all Permitted Investments, as determined by the Issuer Accounts Bank (or the Administrator on its behalf) and reported to the Issuer Calculation Agent pursuant to the Issuer Accounts Bank Agreement. Permitted Investments will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on a methodology agreed with the Rating Agencies.

"**Y**" is equal to (i) zero if no hedging agreement was entered into by the Issuer and (ii) otherwise, an amount equal to the payments due under the hedging agreement(s) (plus interest thereon) within the period of  $\alpha$  plus two (2) months preceding the relevant Asset Cover Test Date where  $\alpha$  means the period between two (2) interest payment dates (first day of such period included and last day of such period excluded) under the relevant hedging agreement(s).

"**Z**" is equal to:  $WAM \times \text{Covered Bond Outstanding Principal Amount} \times \text{Carrying Cost}$ , whereby:

"**Carrying Cost**" means one per cent. (1.00%) or any other percentage agreed between the Issuer and the Collateral Security Agent (acting in the name and on behalf the Collateral Providers), subject to prior Rating Affirmation;

"**WAM**" means the greater of (i) the weighted average maturity of Series of Covered Bonds outstanding as at the relevant Asset Cover Test Date, and (ii) one (1) year;

"**Covered Bond Outstanding Principal Amount**" means, at any Asset Cover Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds

denominated in a Specified Currency) outstanding at such date under all Series of Covered Bonds.

*Calculation of the Asset Cover Ratio (R)*

On each Asset Cover Test Date, the Asset Cover Ratio (R) shall be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

No later than three (3) Business Days following any Asset Cover Test Date, the Issuer Calculation Agent shall inform the Issuer, the Borrower and the Collateral Security Agent (with a copy to the Rating Agencies, to the Asset Monitor and the Specific Controller) of its calculation of the Asset Cover Ratio (R).

*Non-Compliance with Asset Cover Test*

Non-compliance with the Asset Cover Test (the "**Non-Compliance with Asset Cover Test**") would result from the Asset Cover Test Ratio (R) being strictly less than one (1).

*Remedies*

Upon Non-Compliance with Asset Cover Test on any Asset Cover Test Date, the Collateral Security Agent shall:

- (i) cause the Collateral Providers to grant additional Eligible Assets as Collateral Security pursuant to the relevant terms of the Collateral Security Agreement, on the next following Asset Cover Test Date; and/or
- (ii) cause the Collateral Providers to release Collateral Security Assets from the Collateral Security pursuant to the relevant terms of the Collateral Security Agreement, on the next following Asset Cover Test Date,

in each case, as necessary to cure such Non-Compliance with Asset Cover Test.

A Non-Compliance with Asset Cover Test does not constitute the occurrence of an Issuer Event of Default or a Borrower Event of Default. However, it will prevent the Issuer from issuing any further Series as long as it remains unremedied.

*Breach of Asset Cover Test*

The failure by the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, to cure a Non Compliance with Asset Cover Test occurred on any Asset Cover Test Date prior to the next following Asset Cover Test Date shall constitute a "**Breach of Asset Cover Test**" within the meaning of the Collateral Security Agreement. The Issuer Calculation Agent will inform promptly the Issuer, the Borrower and the Collateral Security Agent (with a copy to the Rating Agencies, the Asset Monitor and the Specific Controller) of its calculation of the Asset Cover Ratio and, if applicable, the occurrence of a Breach of Asset Cover Test.

A Breach of Asset Cover Test constitutes the occurrence of a Borrower Event of Default.

A Breach of Asset Cover Test will not constitute the occurrence of an Issuer Event of Default but will prevent the Issuer from issuing any further Series, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19.

## II. THE MINIMUM LEGAL OVERCOLLATERALISATION RATIO

In accordance with the French SFH Legal Framework on the date hereof, and in particular pursuant to Articles L. 513-12 and R. 513-8 of the French Monetary and Financial Code (*Code monétaire et financier*), the Issuer must at all times maintain an Overcollateralisation Ratio equal to a Minimum Legal Overcollateralisation Ratio (see section "**Summary of the SFH Legal Framework**").

Non-compliance by the Issuer with the Minimum Legal Overcollateralisation Ratio shall constitute a "**Breach of Minimum Legal Overcollateralisation Ratio**". The Specific Controller is legally responsible for notifying promptly the Issuer and the *Autorité de contrôle prudentiel et de résolution* of the occurrence of a Breach of Minimum Legal Overcollateralisation Ratio. Upon such notification, the Issuer shall then notify the Borrower and the Collateral Security Agent, the Rating Agencies, the Asset Monitor and the Issuer Calculation Agent of the same.

A Breach of Minimum Legal Overcollateralisation Ratio does not constitute the occurrence of a Borrower Event of Default or an Issuer Event of Default. However, it may trigger the withdrawal of the license of the Issuer as a *société de financement de l'habitat*.

## III. THE MAXIMUM LEGAL SUBSTITUTION ASSETS PERCENTAGE

Pursuant to Articles L. 513-7 and R. 513-6 of the French Monetary and Financial Code (*Code monétaire et financier*), the Legal Substitution Assets of the Issuer shall not exceed the Maximum Legal Substitution Assets Percentage save for those Legal Substitution Assets set out in paragraph 2 of Article R. 513-6 and paragraph 2 of Article R. 513-20 of the French Monetary and Financial Code (*Code monétaire et financier*) (see section "**Summary of the SFH Legal Framework**").

Upon the Legal Substitution Assets of the Issuer exceeding the Maximum Legal Substitution Assets Percentage, this shall constitute a "**Breach of Maximum Legal Substitution Assets Limit**" by the Issuer. The Specific Controller ensures that the Issuer and the *Autorité de contrôle prudentiel et de résolution* are promptly notified of the occurrence of a Breach of Maximum Legal Substitution Assets Limit. Upon receipt of such notice, the Issuer will then notify the Borrower and the Collateral Security Agent, the Rating Agencies, the Asset Monitor and the Issuer Calculation Agent of the same.

A Breach of Maximum Legal Substitution Assets Limit does not constitute the occurrence of a Borrower Event of Default or an Issuer Event of Default. However, it may trigger the withdrawal of the license of the Issuer as a *société de financement de l'habitat*.

## IV. THE LEGAL LIQUIDITY RESERVE

In order to enable the Issuer to meet its obligation to cover its liquidity needs in accordance with the SFH Legal Framework, pursuant to the provisions of the Cash Collateral Agreement, the Cash Collateral Provider shall fund as Cash Collateral into the Cash Collateral Account an amount at least equal to, on each calendar day, the amount corresponding to the liquidity needs of the Issuer for the coming Legal Liquidity Cover Period calculated in accordance with the provisions of Article R. 513-7 of the French Monetary and Financial Code (*Code monétaire et financier*) (as it may be amended from time to time) by taking into account expected principal and interests inflows due by all the debtors under the Collateral Security Assets and net flows under any hedging agreement(s) (if any), less, as the case may be, the amount of any Legal Substitution Assets, including any Cash Collateral, held by the Issuer on such date and the value of any asset that are eligible as collateral to the credit transactions (*opérations de crédit*) of the *Banque de France* in accordance with the monetary policy and intra-day credit operations rules of the Eurosystem held by the Issuer on such date, to the extent that the Minimum Legal Overcollateralisation Ratio remains satisfied (the "**Legal Liquidity Reserve**").

For the avoidance of doubt, following the occurrence of a Pre-Maturity Rating Downgrade Event, the obligations of the Cash Collateral Provider to fund the Legal Liquidity Reserve shall be read in

conjunction with the obligation of the Cash Collateral Provider with respect to the Pre-Maturity Test (see section entitled "**Asset Monitoring - Pre-Maturity Test - Alternative funding of the CCRFA and the Legal Liquidity Reserve**").

The failure by the Cash Collateral Provider to fund the Legal Liquidity Reserve in accordance with the relevant terms of the Cash Collateral Agreement does not constitute the occurrence of a Borrower Event of Default or an Issuer Event of Default but may trigger the withdrawal of the license of the Issuer as *société de financement de l'habitat*.

"**Legal Liquidity Cover Period**" means a period of one hundred and eighty (180) calendar days.

## V. THE PRE-MATURITY TEST

### *Downgrading below the Pre-Maturity Rating Required Levels*

The contractual liquidity test of the Issuer (the "**Pre-Maturity Test** ") shall be deemed complied with for so long as, in relation to any and each Series of Covered Bonds, (i) no Pre-Maturity Rating Downgrade Event has occurred during any Pre-Maturity Test Period, or (ii) if, to the contrary, a Pre-Maturity Rating Downgrade Event has occurred during any Pre-Maturity Test Period, the Cash Collateral Provider has duly funded the Cash Collateral Account with the relevant Cash Collateral, up to the relevant amount within thirty (30) Business Days from the receipt of the relevant Cash Collateral Funding Notice.

The Cash Collateral Provider shall be requested to fund the Cash Collateral Account with the relevant Cash Collateral, up to the relevant Cash Collateral Required Funding Amount, upon the occurrence of the downgrading, during any Pre-Maturity Test Period (as defined below), of the then applicable rating of the Borrower below the Pre-Maturity Rating Required Levels (as defined below) (the "**Pre-Maturity Rating Downgrade Event**"). The occurrence of a Pre-Maturity Rating Downgrade Event does not constitute the occurrence of a Borrower Event of Default or an Issuer Event of Default.

The following credit ratings with respect to the Borrower are defined as the "**Pre-Maturity Rating Required Levels**" for the purposes of the Cash Collateral Agreement: P-1 (short-term) by Moody's and A-1 (short-term) by S&P.

Upon the occurrence of a Pre-Maturity Rating Downgrade Event, the Issuer Calculation Agent shall inform the Cash Collateral Provider of the same within three (3) Business Days from such occurrence by written notice (the "**Cash Collateral Funding Notice**") delivered to the Cash Collateral Provider (with a copy to the Issuer, the Administrator and the Rating Agencies).

### *Remedies*

If a Cash Collateral Funding Notice is received by the Cash Collateral Provider, the Cash Collateral Provider shall fund the Cash Collateral Account up to an amount (the "**Cash Collateral Required Funding Amount**" or "**CCRFA**") calculated by the Issuer Calculation Agent as being equal to the Pre-Maturity Covered Bond Principal Amount in relation to the relevant Series of Covered Bonds + the Pre-Maturity Covered Bond Interest Amount in relation to the relevant Series of Covered Bonds + the Pre-Maturity Costs in relation to the relevant Series of Covered Bonds.

whereby:

"**Pre-Maturity Costs**" means the aggregate amount of fees, costs, expenses, taxes and other ancillary sums (excluding interest and principal amounts) scheduled to be paid by the Issuer on any Series of Covered Bonds within the relevant Pre-Maturity Test Period.

"**Pre-Maturity Covered Bond Interest Amount**" means the aggregate amount (in Euro or Euro equivalent with respect to Covered Bonds denominated in a Specified Currency) of interest that will

become due and payable under any relevant outstanding Covered Bonds within the relevant Pre-Maturity Test Period, taking into account any hedging agreement(s) if applicable.

**"Pre-Maturity Covered Bond Principal Amount"** means the aggregate amount of principal of Covered Bonds (in Euro or Euro equivalent with respect to Covered Bonds denominated in a Specified Currency), excluding the aggregate amount of principal of any Series of Soft Bullet Covered Bonds, the Pre-Maturity Test Period of which has started on such date.

**"Pre-Maturity Test Period"** means with respect to any Series of Covered Bonds (which is not a Series of Soft Bullet Covered Bonds), the period starting from, and including, the two hundred seventieth (270<sup>th</sup>) calendar day preceding the Final Maturity Date of that Series and ending on, and including, such Final Maturity Date.

**"Soft Bullet Covered Bonds"** means the Covered Bonds containing an Extended Final Maturity Date specified in the relevant Final Terms.

#### *Alternative funding of the CCRFA and the Legal Liquidity Reserve*

Following the occurrence of any Pre-Maturity Rating Downgrade Event, the obligations of the Cash Collateral Provider to fund the CCRFA to satisfy the Pre-Maturity Test and the obligation to fund the Legal Liquidity Reserve to satisfy the provisions of the SFH Legal Framework shall be deemed satisfied if the Cash Collateral Provider funds, to the Cash Collateral Account and on the relevant due date, an amount equal to the greater of (i) the relevant CCRFA and (ii) the amount of the Legal Liquidity Reserve on the same date, it being provided for the avoidance of doubt that, calculation of the Legal Liquidity Reserve on any following day shall take into account any Legal Substitution Assets which includes, inter alia, the credit balance of the Cash Collateral Account as previously funded to satisfy notably the Pre-Maturity Test.

#### *Breach of Pre-Maturity Test*

The failure by the Cash Collateral Provider to fund into the Cash Collateral Account the relevant amount within thirty (30) Business Days from the receipt of a Cash Collateral Funding Notice shall constitute a **"Breach of Pre-Maturity Test"**. A Breach of Pre-Maturity Test constitutes the occurrence of a Borrower Event of Default.

## **VI. THE AMORTISATION TEST**

Following the enforcement of a Borrower Event of Default subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Issuer undertakes to comply with the Amortisation Test in accordance with Condition 5 (f) of the section **"Terms and Conditions of the French law Covered Bonds"**.

For the purpose of the determination of the Amortisation Ratio, the following terms shall have the following definitions:

**"Amortisation Test Date"** means, at the latest, the last calendar day of each calendar month following the enforcement of a Borrower Event of Default, it being provided that the Administrator and the Issuer Calculation Agent shall use their best effort so that such date occurs on, or as soon as possible as from the fifteenth (15<sup>th</sup>) calendar day of each calendar month following the enforcement of a Borrower Event of Default.

**"Amortisation Test Calculation Period"** means, in relation to any Amortisation Test Date, each period starting on, and including, the immediately preceding Amortisation Test Date, and ending on, and excluding such Amortisation Test Date.

Compliance with the Amortisation Test requires compliance with the amortisation ratio RA specified below (the "**Amortisation Ratio (RA)**"). Such compliance is tested by the Issuer Calculation Agent from time to time throughout the period following the enforcement of a Borrower Event of Default subject to, and in accordance with the Condition 5 (f) and the Calculation Services Agreement.

*The Amortisation Ratio*

"**RA**" means the following ratio which shall be at least equal to one (1) at each Amortisation Test Date:

$$RA = \left[ \frac{TAAA'}{ACBOPA} \right]$$

whereby:

"**Aggregate Covered Bond Outstanding Principal Amount (ACBOPA)**" means, at any Amortisation Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) outstanding at such date under all Covered Bonds.

"**Transferred Aggregate Asset Amount (TAAA')**" means, at any Amortisation Test Date:

$$(TAAA') = A' + B + C + D + E - Z$$

whereby:

"**A**" is equal to the sum of all "Transferred Home Loan Outstanding Principal Amounts" of all Home Loans, title to which has been transferred to the Issuer upon enforcement of the Collateral Security following the enforcement of a Borrower Event of Default (each, a "**Relevant Transferred Home Loan**"), as such "Transferred Home Loan Outstanding Principal Amounts" will be calculated on the relevant Amortisation Test Date, whereby:

"**Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Transferred Home Loan, the amount of principal outstanding at the relevant Amortisation Test Date under such Relevant Transferred Home Loan;

"**Relevant Transferred Home Loan**" means, with respect to a given Amortisation Test Date, any Home Loan from which Home Loan receivables have been granted as Collateral Security provided that title to such Home Loan receivables has been transferred to the Issuer upon enforcement of the Collateral Security following the enforcement of a Borrower Event of Default; and

"**Transferred Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Transferred Home Loan, the Home Loan Outstanding Principal Amount of such Relevant Transferred Home Loan multiplied by M, where for all the Relevant Home Loans that are less than three (3) months in arrears, M = 1 and for all the Relevant Transferred Home Loans that are three (3) months or more in arrears, M = 0.7;

"**B**", "**C**", "**D**" and "**Z**" have the meaning ascribed to such terms, and shall be determined, on each relevant Amortisation Test Date, subject to, and in accordance with, the terms and formula described in section "**The Asset Cover Test**" above.

"**E**" is equal to the aggregate amount of principal and interest payments, distributions, indemnities, insurance and other proceeds, payments under any Home Loan Security and other sums received during the applicable Amortisation Test Calculation Period by the Issuer from the debtors or other relevant entities under the Collateral Security Assets whose title has been transferred to the Issuer

following enforcement of the Collateral Security, as the same shall be reported by the Issuer Calculation Agent on each Amortisation Test Date subject to, and in accordance with, the relevant terms of the Calculation Services Agreement.

*Calculation of the Amortisation Ratio*

On each Amortisation Test Date, the Amortisation Ratio (RA) shall be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

No later than three (3) Business Days following any Amortisation Test Date, the Issuer Calculation Agent shall inform the Issuer (with a copy to the Rating Agencies and to the Asset Monitor) of its calculation of the Amortisation Ratio (RA).

*Non Compliance with Amortisation Test*

A "**Non Compliance with Amortisation Test**" will result from the Amortisation Ratio (RA) being strictly less than one (1).

A Non Compliance with Amortisation Test will prevent the Issuer from issuing any further Series, except for the purposes of subscription by the Issuer of Auto-held Covered Bonds in accordance with Condition 19.

*Breach of Amortisation Test*

The failure by the Issuer to cure a Non Compliance with Amortisation Test occurred on any Amortisation Test Date prior to the next following Amortisation Test Date shall constitute a "**Breach of Amortisation Test**". The Issuer Calculation Agent will inform promptly the Issuer and each relevant Representative (with a copy to the Rating Agencies and to the Asset Monitor) of the occurrence of a Breach of Amortisation Test.

A Breach of Amortisation Test constitutes the occurrence of an Issuer Event of Default.

## CASH FLOW

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will include German law and French law Covered Bonds and the expression "Bondholders" includes any holder of such Covered Bonds, in the following section.*

### **Cash management**

Pursuant to the Administrative Agreement, the Administrator will assist the Issuer in operating its bank accounts, the management and investment of its available cash in Permitted Investments in accordance with the relevant Permitted Investments rules, and any other matters in relation to the management of its bank accounts and funds so as to ensure that the Issuer will at all times comply with the provisions of the Programme Documents.

Pursuant to the Administrative Agreement and, subject to and, in accordance with the terms and conditions, the Administrator will invest any cash standing from time to time to the credit of the Issuer Cash Accounts pending application in accordance with the Priority Payment Orders (see section "**Cash Flow – Priority Payment Orders**"), in instruments which qualify as Permitted Investments (as defined in section "**Material Contracts**").

### **Issuer Accounts**

Available Funds of the Issuer will be from time to time credited and debited by the Administrator on behalf of the Issuer into the Issuer Cash Accounts opened in the books of the Issuer Accounts Bank (see section "**Material Contracts**" for a further description of the Issuer Accounts).

For the purposes hereof:

"**Available Funds**" means:

- (a) in the absence of service of a Borrower Enforcement Notice (and whether an Issuer Enforcement Notice has been served to the Fiscal Agent and the Issuer or not):
  - (i) payment proceeds from the Borrower under the Borrower Facility Agreement;
  - (ii) cash standing to the credit of the Issuer General Account or the Share Capital Proceeds Account (including proceeds from Permitted Investments invested with such cash (if any));
  - (iii) any Cash Collateral (if any) standing to the credit of the Cash Collateral Account and the Collection Loss Reserve Account (including proceeds from Permitted Investments invested with any such Cash Collateral (if any));
  - (iv) payment proceeds, whether in interest, principal or otherwise, received by the Issuer from the debtors under the Legal Substitution Assets and standing to the credit of the Issuer General Account; and
  - (v) payment proceeds from the hedging agreement(s) (if any).
- (b) following the service of a Borrower Enforcement Notice and enforcement of the Collateral Security (and whether an Issuer Enforcement Notice has been served to the Fiscal Agent and the Issuer or not):
  - (i) payment proceeds, whether in interest, principal or otherwise, received by the Issuer following service of a notice to any or all debtors under the Home Loans mentioning

the new payment instructions to be observed by the same with respect to the payment of sums due under the Home Loans and/or the related Asset Contractual Documentation and standing to the credit of the Issuer General Account;

- (ii) insurance proceeds and other proceeds (other than the proceeds mentioned in (i) above) received by the Issuer under the Home Loans and standing to the credit of the Issuer General Account;
- (iii) payment proceeds, whether in interest, principal or otherwise, received by the Issuer from the debtors under the Legal Substitution Assets and standing to the credit of the Issuer General Account;
- (iv) proceeds from disposal of, transfer, sale or refinancing (by way of securitisation or otherwise) of the Home Loan receivables and standing to the credit of the Issuer General Account;
- (v) proceeds from the enforcement of any Home Loan Security (if any) and standing to the credit of the Issuer General Account;
- (vi) cash from Permitted Investments (if any) standing to the credit of the Issuer General Account;
- (vii) cash standing to the credit of the Cash Collateral Account and the Collection Loss Reserve Account;
- (viii) payment proceeds from the hedging agreement(s) (if any);
- (ix) cash standing to the credit of the Share Capital Proceeds Account; and
- (x) proceeds from disposal of, transfer, sale or refinancing (by way of securitisation or otherwise) of all other eligible assets of the Issuer and standing to the credit of the Issuer General Account.

### **Priority Payment Orders**

#### *Pre-Enforcement Priority Payment Order*

In the absence of service by the Issuer (represented by the Issuer Independent Representative or by the Administrator) to the Borrower of a Borrower Enforcement Notice and in the absence of service of an Issuer Enforcement Notice, on any Payment Date and (as applicable) Final Maturity Date (or the Extended Final Maturity Date, if any) of each relevant Series of Covered Bonds, the Administrator (on behalf of the Issuer) will give the appropriate instructions to the Issuer Accounts Bank to debit the relevant Issuer Cash Accounts and (as the case may be) the relevant Issuer Securities Accounts (other than the Issuer General Account) from the cash that shall constitute the Available Funds of the Issuer on such date and shall credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) shall then give the appropriate instructions on such date to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following Pre-Enforcement Priority Payment Order:

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, as the case may be, after netting if applicable, under any hedging agreement(s) benefiting from the *Privilège* in accordance with the provisions of Article L. 513-10 of the French Monetary and Financial Code (*Code monétaire et financier*), (other than the hedging subordinated termination costs referred to in paragraph (iv) below);

- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Interest Amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;
- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all principal amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of any hedging agreement(s) (if any) as a result of an event of default under the same in respect of which the relevant hedge counterparty of the Issuer is the defaulting party or following a termination event of the same in respect of which the hedge counterparty of the Issuer is the affected party;
- (v) **fifthly**, in or towards payment or discharge *pari passu* and *pro rata* of the amounts then due and payable by the Issuer to (a) the Administrator under the remuneration due in consideration of the services rendered pursuant to the Administrative Agreement which fall within the scope of Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), if any, and (b) the servicer under the servicing agreement pursuant to which the servicing of the Collateral Security Assets would be carried out by this new servicer in accordance with Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), as the case may be;
- (vi) **sixthly**, only after and subject to the payment of any due and payable amounts due to the Issuer's creditors under item (i) to item (v) hereabove (the "**Privileged Creditors**"), and, as applicable, in accordance with any statutory or preference right they may benefit from the then applicable general law, in or towards payment or discharge of (a) the Issuer's liability, if any, to taxation, (b) any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to any relevant entity in connection with the holding of any meeting of holders of Covered Bonds, to any stock exchange and other listing entities where the Covered Bonds are listed, any clearing systems entities where the Covered Bonds are cleared, Crédit Mutuel Arkéa (with respect to any insurance premium, regulatory, professional and legal fees, costs and other expenses paid by Crédit Mutuel Arkéa on behalf of the Issuer and to be repaid by the Issuer to Crédit Mutuel Arkéa subject to, and in accordance with, the relevant terms of the *Convention d'externalisation et de prestations de services*), the Administrator (other than the amounts referred to under item (v) above), the Issuer Calculation Agent, the Asset Monitor, the Issuer Accounts Bank, the Paying Agent(s), the Permanent Dealer(s), the Dealer(s), the Fiscal Agent(s), the Calculation Agent(s), the Issuer's Auditors, the Specific Controller, the Substitute Specific Controller, the Representatives and the Rating Agencies in respect of the monitoring fees (together (a) and (b), the "**Administrative and Tax Costs**"), (c) any and all amounts then due and payable by the Issuer to the Cash Collateral Provider under the Cash Collateral Agreement and (d) any and all amounts then due and payable by the Issuer with respect to any other resources raised by the Issuer, if any, in accordance with Article L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*) and which do not benefit from the *Privilège*;
- (vii) **seventhly**, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer with respect to (i) any dividend to be then distributed to the Issuer's shareholders, and (ii) interest, principal and other payments then due and payable under the Subordinated Loans.

#### *Controlled Post-Enforcement Priority Payment Order*

In the event of service by the Issuer (represented by the Issuer Independent Representative or by the Administrator) to the Borrower of a Borrower Enforcement Notice and thereafter unless and until an

Issuer Enforcement Notice is served to the Issuer, on any Payment Date and (as applicable) Final Maturity Date (or the Extended Final Maturity Date, if any) of each relevant Series of Covered Bonds, the Administrator (on behalf of the Issuer) will give the appropriate instructions to the Issuer Accounts Bank to debit the relevant Issuer Cash Accounts and (as the case may be) the relevant Issuer Securities Accounts (other than the Issuer General Account) from the cash that shall constitute the Available Funds of the Issuer on such date and shall credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) shall then give the appropriate instructions on such date to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following Controlled Post-Enforcement Priority Payment Order:

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of any and all hedging costs then due and payable by the Issuer, if any, under the hedging agreement(s), if any, (other than hedging subordinated termination costs referred to in paragraph (iv) below); or
- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Interest Amounts then due and payable by the Issuer under the relevant series of Covered Bonds;
- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all principal amounts then due and payable by the Issuer under the relevant series of Covered Bonds;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any amounts then due and payable by the Issuer to (a) the Administrator under the remuneration due in consideration of the services rendered pursuant to the Administrative Agreement which fall within the scope of Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), if any, and/or (b) the new servicer under the servicing agreement entered into by the Issuer in accordance with Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), as the case may be;
- (v) **fifthly**, only after and subject to the full repayment of any outstanding Covered Bonds, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of any hedging agreement(s) (if any) as a result of an event of default under the same in respect of which the relevant hedge counterparty of the Issuer is the defaulting party or following a termination event of the same in respect of which the hedge counterparty of the Issuer is the affected party;
- (vi) **sixthly**, only after and subject to the full repayment of any outstanding Covered Bonds, and, as applicable, in accordance with any statutory or preference right they may benefit from the then applicable general law, in or towards payment or discharge of (a) any and all Administrative and Tax Costs then due and payable by the Issuer and (b) any and all amounts then due and payable by the Issuer with respect to any other resources raised by the Issuer, if any, in accordance with Article L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*) and which do not benefit from the *Privilège*;
- (vii) **seventhly**, (a) only after and subject to the full repayment of any outstanding Covered Bonds, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer with respect to any and all enforcement proceeds surplus amounts remaining after enforcement of the Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and any and all amounts then due and payable by the Issuer to the Cash Collateral Provider under the Cash Collateral Agreement, (b) only after and subject to the full repayment of any outstanding Covered Bonds and sums referred to in (a) above, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer to any third parties (with respect to any dividend already voted and to be then distributed to the Issuer's shareholders,

and interest, principal and other payments then due and payable under the Subordinated Loans).

*Accelerated Post-Enforcement Priority Payment Order*

In the event of service of an Issuer Enforcement Notice and thereafter (whether a Borrower Enforcement Notice shall have been served to the Borrower or not), the Administrator (on behalf of the Issuer) will promptly and no later than three (3) Business Days after receipt by the Issuer of such Issuer Enforcement Notice give the appropriate instructions to the Issuer Accounts Bank to debit all the Issuer Accounts (other than the Issuer General Account) from the cash that shall constitute the Available Funds of the Issuer on such date and shall credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) shall then give the appropriate instructions on such date and on each and every day chosen by the Administrator thereafter to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on and as from such date, in the following Accelerated Post-Enforcement Priority Payment Order provided that, for the avoidance of doubt, no payment item below shall be paid as long as an item ranking senior to it shall not have been duly paid, repaid, reimbursed or redeemed in full by the Issuer:

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of any and all sums then due and payable by the Issuer, if any, under the hedging agreement(s), if any, (other than hedging subordinated termination costs referred to in paragraph (ii) below) and remaining unpaid at such date, (b) any and all amounts then due and payable by the Issuer under the relevant Series of Covered Bonds (and remaining unpaid at such date), it being provided that in case of insufficient available funds to pay all the sums then due under such Series of Covered Bonds, if an amount of interests is due on the same day than an amount of principal under the same Series of Covered Bonds, the payment is made first on the interests amounts due and (c) any and all amounts then due and payable by the Issuer (and remaining unpaid at such date) to (a) the Administrator under the remuneration due in consideration of the services rendered pursuant to the Administrative Agreement which fall within the scope of Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), if any, and/or (b) the new servicer under the servicing agreement entered into by the Issuer in accordance with Article L. 513-15 of the French Monetary and Financial Code (*Code monétaire et financier*), as the case may be;
- (ii) **secondly**, after and subject to the full repayment of any and all sums referred to in (i) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of any hedging agreement(s) (if any) as a result of an event of default under the same in respect of which the relevant hedge counterparty of the Issuer is the defaulting party or following a termination event of the same in respect of which the hedge counterparty of the Issuer is the affected party;
- (iii) **thirdly**, after and subject to the full repayment of any and all sums referred to in (i) and (ii) above, and, as applicable, in accordance with any statutory or preference right they may benefit from the then applicable general law, in or towards payment or discharge of (a) any and all Administrative and Tax Costs and (b) any and all amounts then due and payable by the Issuer with respect to any other resources raised by the Issuer, if any, in accordance with Article L. 513-30 of the French Monetary and Financial Code (*Code monétaire et financier*) and which do not benefit from the *Privilège*; and
- (iv) **fourthly**, (a) after and subject to the full repayment of any and all sums referred to in (i) to (iii) above, in or towards payment *pari passu* and *pro rata* of any and all amounts due by the Issuer with respect to any and all enforcement proceeds surplus amounts remaining after enforcement of the Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and any and all amounts then due and payable by the

Issuer to the Cash Collateral Provider under the Cash Collateral Agreement, (b) after and subject to the full repayment of any and all sums referred to in (i) to (iii) above and any sums referred to in (a) above, in or towards payment *pari passu* and *pro rata* of any and all amounts due by the Issuer to any third parties (with respect to any dividend already voted and to be then distributed to the Issuer's shareholders, and interest, principal and other payments then due and payable under the Subordinated Loans).

## ORIGINATION OF THE HOME LOANS

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will include German law and French law Covered Bonds and the expression "Bondholders" includes any holder of such Covered Bonds, in the following section.*

The *Caisses Locales* (Caisses) apply their lending criteria and conditions to all the home loans pursuant to the usual customary lending procedures of the Crédit Mutuel Arkéa Group, whatever the origination source is (branch level or brokers).

### *Pre-Acceptance Control*

Prior to the acceptance for granting a home loan, information on the client is systematically collected from:

- (i) the national database on household credit repayment incidents (*Fichier des Incidents de Remboursements des Crédits aux Particuliers*) regulated by the Banque de France, where payment incidents are recorded on all types of non-professional loans to individuals, including unauthorised overdrafts; and
- (ii) the central cheque register (*Fichier Central des Chèques*) held by the Banque de France, which is the central record of (i) payment incidents involving bad cheques, (ii) bans on issuing cheques as imposed by banks on those account holders having caused these incidents, and (iii) bans on issuing cheques as ordered by court.

Should the client be found registered as a defaulting borrower, as a result of searches of the above, the application is rejected.

The relevant applicant relationship manager shall collect the necessary information from the general information system within the Crédit Mutuel Arkéa Group and is responsible for the completion of the loan file and collection of all relevant documents (including, inter alia, salary slips, tax statements, bank statements, and audited financial statements for self-employed applicants). Debts and income are verified against documents, such as the last document sent by the French tax administration, tax statements, the most recent pay slips, and bank statements.

When a home loan guarantee is requested from *L'Équité* (Generali Group), the pre-acceptance process also includes the underwriting and acceptance process to be undertaken by *L'Équité* under certain circumstances (including, inter alia, a minimum relevant available income per family member (*reste à vivre*), a debt-to-income ratio required limit (*ratios d'endettement*) and the applicant's professional situation). Otherwise the decision process is delegated to the Crédit Mutuel Arkéa Group.

When a home loan guarantee is requested from *Crédit Logement*, the pre-acceptance process also includes the underwriting and acceptance process to be undertaken by *Crédit Logement*.

When a home loan guarantee is requested from *CNP Caution*, the pre-acceptance process also includes the underwriting and acceptance process to be undertaken by *CNP Caution* under certain circumstances (including, inter alia, a minimum relevant available income per family member (*reste à vivre*), a debt-to-income ratio required limit (*ratios d'endettement*) and the applicant's professional situation). Otherwise the decision process is delegated to the Crédit Mutuel Arkéa Group.

When a home loan guarantee is requested from *AXA France IARD*, the pre-acceptance process also includes the underwriting and acceptance process to be undertaken by *AXA France IARD* under certain circumstances (including, inter alia, a minimum relevant available income per family member (*reste à vivre*), a debt-to-income ratio required limit (*ratios d'endettement*) and the applicant's professional situation). Otherwise the decision process is delegated to the Crédit Mutuel Arkéa Group.

### *Decision Process*

Underwriting relies on an authorization system whereby each relationship manager is assigned a hierarchical level depending on the relationship manager's seniority. The hierarchical levels at which loans are analysed depend on the contemplated amount of the loan, the available income per family member, the Basel II rating and the debt-to-income ratio. As a matter of rule for the Fédération du Crédit Mutuel de Bretagne, when the relevant debt-to-income ratio required limit is exceeded or the Basel II rating, with respect to the applicant, is lower than a certain level, the decision shall be taken by the highest hierarchical level in the branch. Furthermore, in the event that the available income per family member is lower than a certain level, the decision shall be taken by the board of directors of the relevant Caisse.

Any decision is taken in light of numerous factors such as, inter alia, type and length of employment, type of occupancy, family status, family's economic situation, capital, debt-to-income ratio, available income, and securities granted by the applicant.

### *Pre-Funding Controls*

Once accepted, the persons in charge at each Caisse verify that (i) all the documents necessary for the funding of the home loan have been provided, (ii) the home loan complies with applicable laws, and (iii) information provided in respect of the client or property is consistent. In the event that any documents are missing or are not legally compliant, the home loan funding process is put on hold.

During this stage, all persons in charge at each Caisse are responsible for liaising with all relevant third parties (including, inter alia, the relevant notary public). The home loan offer and home loan documentation may only be issued to the client once all the documents required from the borrower have been obtained, (and the decision for the underwriting of the home loan has been approved). Upon reception by the bank of an offer accepted by a client, the relevant Caisse verifies the validity of the accepted offer and then proceeds with the funding of the home loan.

### *Servicing*

The Caisses are responsible for dealing with irregular situations as soon as any such situations are detected. All Caisses use an arrears management system to monitor and work out the delinquent payments incurred on home loans.

### *First out-of-court recovery stage*

With respect to the Caisses, upon the first occurrence of an overdue payment, phone calls are made by the relationship manager to chase up payments. As soon as a home loan has a payment due and unpaid for more than fifteen (15) calendar days or thirty five (35) calendar days at the latest, depending on the Fédération du Crédit Mutuel, the servicing of such a home loan is transferred to a dedicated affiliate of the Crédit Mutuel Group. Such recovery entity is responsible for recovering the first unpaid installments by using methods such as warning letters or very selective phone calls in order to chase up payments.

### *Second out-of-court recovery stage*

With respect to the Fédérations du Crédit Mutuel, once four installments have been missed by the relevant client, the servicing of such a home loan is transferred back to the Caisse. The Fédérations' internal dispute and litigation departments provide their assistance to the Caisses for servicing and collection of the defaulted payments during this stage.

*Judicial dispute and litigation stage*

The responsibility for the servicing of such a home loan is transferred to the Crédit Mutuel Arkéa Group's internal dispute and litigation departments when the out-of-court recovery procedures have failed, a commercial litigation is started or a judicial dispute is commenced by a third party.

*Servicing of the guaranteed home loans*

When the home loan is guaranteed by *L'Equité*, the guarantee is drawn in favour of the Crédit Mutuel Arkéa Group as soon as there are more than three (3) missed monthly payments or a quarterly payment is due and unpaid for more than two (2) months. The Crédit Mutuel Arkéa Group accelerates the payment of all guaranteed amounts. *L'Equité* shall pay the entirety of the guaranteed amounts (the delinquent installments as well as the outstanding principal) within fifteen (15) calendar days of receipt of the relevant drawing notice and documents required from the Crédit Mutuel Arkéa Group. The servicing of the home loan is transferred to *L'Equité* upon payment by the latter.

When the home loan is guaranteed by *Crédit Logement*, the guarantee is drawn in favour of the Crédit Mutuel Arkéa Group as soon as any payment becomes more than ninety (90) calendar days overdue. *Crédit Logement* must start paying the relevant guaranteed amounts within one (1) month of receipt of the relevant drawing notice. Upon payment by *Crédit Logement*, the latter becomes responsible for the servicing of the home loan for a maximum duration of twenty-four (24) months. *Crédit Logement* is required to use its best efforts to reach an amicable solution with the client. During such a twenty-four (24) month period, *Crédit Logement* can opt either to reimburse the Crédit Mutuel Arkéa Group only the guaranteed amounts that are due, or immediately accelerate the payment of all guaranteed amounts. *Crédit Logement* must accelerate the payment of the entirety of the guaranteed amounts at the end of the above mentioned twenty-four (24) month period. At this point, *Crédit Logement* shall become solely responsible for the servicing of the home loan.

When the home loan is guaranteed by *CNP Caution*, the guarantee is drawn in favour of the Crédit Mutuel Arkéa Group as soon as there are more than three (3) missed payments and the failure of any amicable debt recovery within a maximum timeframe of five (5) months from the first missed payment. *CNP Caution* must start paying the relevant guaranteed amounts within forty-five (45) calendar days of receipt of the relevant drawing notice and documents required from the Crédit Mutuel Arkéa Group. At this point, *CNP Caution* shall become solely responsible for the servicing of the home loan.

When the home loan is guaranteed by *AXA France IARD*, the guarantee is drawn in favour of the Crédit Mutuel Arkéa Group as soon as there are more than three (3) missed payments and the failure of any amicable debt recovery within a maximum timeframe of five (5) months from the first missed payment. *AXA France IARD* must start paying the relevant guaranteed amounts within forty-five (45) calendar days of receipt of the relevant drawing notice and documents required from the Crédit Mutuel Arkéa Group. At this point, *AXA France IARD* shall become solely responsible for the servicing of the home loan.

## FORM OF FINAL TERMS

*(This form of Final Terms will only apply to the French law Covered Bonds. The form of final terms applicable to the German law Covered Bonds is included in the Agency Agreement)*

**[PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) no. 1286/2014 (the "**PRIIPS Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]<sup>22</sup>

**[<sup>23</sup>MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II") / MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.<sup>24</sup>]

**OR**

**[MiFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPs TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II") / MiFID II]; **EITHER** <sup>25</sup>[and (ii) all channels for distribution of the Covered Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]<sup>26</sup>] **OR** <sup>27</sup>[(ii) all channels for distribution to eligible

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<sup>22</sup> Legend to be included if the Covered Bonds are not intended to be sold to retail clients.

<sup>23</sup> Legend to be included following completion of the target market assessment in respect of the Covered Bonds taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018.

<sup>24</sup> Legend to be included if the Covered Bonds are not intended to be sold to retail clients

<sup>25</sup> Include for bonds that are not ESMA complex

<sup>26</sup> This list may not be necessary, especially for bonds that are not ESMA complex where all channels of distribution may be appropriate. It reflects the list used in the examples in the ESMA Guidelines.

counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Covered Bonds to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][ non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]<sup>28</sup>.]]

**Final Terms dated [ ● ]**

[LOGO, if document is printed]

**Arkéa Home Loans SFH**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]  
under the €10,000,000,000 Covered Bond Programme  
*for the issue of Obligations de Financement de l'Habitat*

Issue Price: [ ● ] per cent.

[Name(s) of Dealer(s)]

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<sup>27</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Covered Bonds constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>28</sup> Legend to be included if the Covered Bonds are intended to be sold to retail clients

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the French law Covered Bonds (the "**Conditions**") set forth in the base prospectus dated 13 September 2018 [as supplemented by the supplement(s) to the base prospectus dated [●]] ([together] the "**Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (the "**Prospectus Directive**").

This document constitutes the final terms (the "**Final Terms**") of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. [However, a summary of the issue of the Covered Bonds is annexed to these Final Terms.]<sup>29</sup>. The Final Terms, the Base Prospectus [and the supplement[s] to the Base Prospectus] are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) at least during a period of twelve (12) months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained.[In addition<sup>30</sup>, the Base Prospectus [and the supplement[s] to the Base Prospectus] [and the Final Terms] [is] [are] available for viewing [on/at] [●].]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions which are the [2017 Covered Bonds Conditions] / [2016 Covered Bonds Conditions] / [2015 Covered Bonds Conditions] / [2013 Covered Bonds Conditions] / [2011 Covered Bonds Conditions] / [2010 Covered Bonds Conditions] which are incorporated by reference in this Base Prospectus (as defined below). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (the "**Prospectus Directive**") and must be read in conjunction with the base prospectus dated 13 September 2018 [, as supplemented by the supplement[s] to the base prospectus dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**")], including the Conditions which are incorporated by reference in this Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms, the Base Prospectus and the [2017 Covered Bonds Conditions] / [2016 Covered Bonds Conditions] / [2015 Covered Bonds Conditions] / [2013 Covered Bonds Conditions] / [2011 Covered Bonds Conditions] / [2010 Covered Bonds Conditions]. The present Final Terms and the Base Prospectus are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) at least during a period of twelve (12) months from the date of the Base Prospectus, [and] during normal business hours at, and copies may be obtained from, the registered office of the Issuer and at the specified office of the Paying Agent(s).[In addition<sup>31</sup>, these Final Terms and the Base Prospectus are available for viewing [on/at] [●].]

*(Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

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<sup>29</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000.

<sup>30</sup> If the Covered Bonds are listed on a Regulated Market other than the Luxembourg Stock Exchange.

<sup>31</sup> If the Covered Bonds are listed on a Regulated Market other than the Luxembourg Stock Exchange.

1. (i) **Series Number:** [●]
- (ii) **Tranche Number:** [●]
- (iii) **Date on which the Covered Bonds will be assimilated (*assimilables*) and form a single Series:** [The Covered Bonds will be assimilated (*assimilables*) and form a single Series [(*identify earlier Tranches*)] on [the Issue Date/exchange of the Temporary Global Certificate for interests in the Definitive Materialised Covered Bonds, as referred in paragraph 22(iii) below, which is expected to occur on or about [●].] / [Not Applicable]
2. **Specified Currency or Currencies:** [●]
3. **Aggregate Nominal Amount of Covered Bonds:** [●]
- (i) **Series:** [●]
- (ii) **Tranche:** [●]
4. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5. **Specified Denominations:** [●] (*one (1) denomination only for Dematerialised Covered Bonds*) (*Not less than €1,000 or its equivalent in other currency at the Issue Date, when the Covered Bonds are admitted to trading on a Regulated Market of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive*)<sup>32</sup>
6. (i) **Issue Date:** [●]
- (ii) **Interest Commencement Date:** [(*Specify*)/Issue Date/Not Applicable]
7. **Final Maturity Date:** [(*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*)]

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<sup>32</sup> Covered Bonds denominated in Sterling in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitute a contravention of section 19 of FSMA and having a maturity of less than one (1) year must have a minimum denomination of Sterling 100,000 (or its equivalent in other currencies).

8. **Extended Final Maturity Date:** [[●] (*If applicable, specify date*)] / [Not Applicable]
9. **Interest Basis:** [[●] per cent. Fixed Rate]  
[[*EURIBOR, LIBOR or EUR-CMS*] +/- [●] per cent. Floating Rate]  
[Fixed/Floating Rate]  
[Zero Coupon] (see paragraph [14/15/16/17] below)
10. **Redemption/Payment Basis:** Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date [or the Extended Final Maturity Date, as the case may be] at 100 per cent. of their nominal amount
11. **Change of Interest Basis (Condition 2(a)):** [*(Specify the date when any fixed to floating rate change occurs to refer to paragraph 16 below and identify there)*] / [Not Applicable]
12. **Put/Call Options:** [Bondholder Put]  
[Issuer Call]  
(see paragraph [18/19] below)
13. **Date of Board approval for issuance of Covered Bonds obtained:** [●]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Covered Bond Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph. If Extended Final Maturity Date is specified as Applicable, please specify.)*
- (i) **Rate[(s)] of Interest:** [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) **Interest Payment Date(s):** [●] in each year  
*[Specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*
- (iii) **Fixed Coupon Amount[(s)]:** [●] per [●] in Specified Denomination
- (iv) **Broken Amount(s):** [[●] per Specified Denomination payable on the Interest Payment Date falling [in/on] [●]] / [Not Applicable]

(v) Day Count Fraction: [Actual/365 / Actual/Actual / Actual/Actual-ISDA / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis]

(vi) Determination Dates: [[●] in each year] / [Not Applicable]

*(Insert regular Interest Payment Dates, ignoring Issue Date or Final Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*

**15. Floating Rate Covered Bond Provisions:**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph. If Extended Final Maturity Date is specified as Applicable, please specify.)*

(i) Interest Period(s): [[●] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]]

(ii) Specified Interest Payment Dates: [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]]

(iii) First Interest Payment Date: [●]

(iv) Interest Period Date: [●] [Interest Payment Date / Other (specify)]

(v) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention (Insert "unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Amount)] / [Not Applicable]

(vi) Business Centre(s) (Condition 6(a)): [●]

(vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination]

- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Benchmark: [●] (*specify Benchmark [EURIBOR, LIBOR or EUR-CMS] and months [e.g. EURIBOR 3 months]*)
  - Relevant Time: [●]
  - Interest Determination Date(s): [●]
  - Primary Source: [*Specify relevant screen page / Reference Banks*]
  - Reference Banks (if Primary Source is "Reference Banks"): [*Specify four*]
  - [CMS Reference Banks:<sup>33</sup> [●]]
  - [Designated Maturity:<sup>34</sup> [●]]
  - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not Paris*]
  - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
  - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
  - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
- (x) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●] (*If the Rate of Interest is determined by linear interpolation in respect of an interest period (as per Condition 6(c)(iii)(A), insert the relevant interest period(s) and the relevant two rates used for such determination*)

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<sup>33</sup> Applicable only where the Relevant Rate in respect of the Floating Rate Covered Bonds is EUR-CMS.

<sup>34</sup> Applicable only where the Relevant Rate in respect of the Floating Rate Covered Bonds is EUR-CMS.

- Designated Maturity: [●]
  - Reset Date: [●]
  - [ISDA Definitions: [2000 / 2006]]
- (xi) Linear Interpolation: [Applicable/Not Applicable] The Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): [+/-] [●] per cent. per annum
- (xiii) Minimum Rate of Interest: [[*specify a positive interest rate*] per cent. per annum / Zero (0) as per Condition 6(c)]
- (xiv) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xv) Day Count Fraction: [Actual/365 / Actual/Actual / Actual/Actual-ISDA / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis]
- 16. Fixed/Floating Rate Covered Bonds Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Issuer Change of Interest Basis: [Applicable/Not Applicable]
- (ii) Automatic Change of Interest Basis: [Applicable/Not Applicable]
- (iii) Rate of Interest applicable to the Interest Periods preceding the Switch Date (excluded): Determined in accordance with [Condition 6(b), as though the Covered Bond was a Fixed Rate Covered Bond]/ [Condition 6(c), as though the Covered Bond was a Floating Rate Covered Bond] with further variables set out in item [●] of these Final Terms
- (iv) Rate of Interest applicable to the Interest Periods following the Switch Date (included): Determined in accordance with [Condition 6(b), as though the Covered Bond was a Fixed Rate Covered Bond]/ [Condition 6(c), as though the Covered Bond was a Floating Rate Covered Bond] with further variables set out in item [●] of these Final Terms
- (v) Switch Date: [●]
- (vi) Minimum notice period required for notice from the Issuer: [[●] Business Days prior to the Switch Date] / [(*for Automatic Change of Interest:*) [●]]

- [Not Applicable]]
- 17. Zero Coupon Covered Bond Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption: [Actual/365 / Actual/Actual / Actual/Actual-ISDA / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis]

### PROVISIONS RELATING TO REDEMPTION

- 18. Call Option:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Components of the formula of the Optional Redemption Amount(s) of each Covered Bond: [Optional Redemption Amount [●] Y= [●] per cent.]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- [(iv) Notice Period: [●] days]
- 19. Put Option:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Components of the formula of the Optional Redemption Amount(s) of each Covered Bond: [Optional Redemption Amount [●] Y= [●] per cent.]
- [(iii) Notice Period: [●] days]

- 20. Final Redemption Amount of each Covered Bond:** [[●] per Covered Bond of [●] Specified Denomination / Specified Denomination]
- 21. Early Redemption Amount:**  
Early Redemption Amount(s) of each Covered Bond payable on redemption for taxation reasons, illegality or on event of default: [Condition 7(d) applies/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- 22. Form of Covered Bonds:** [Dematerialised Covered Bonds/ Materialised Covered Bonds] (Materialised Covered Bonds are only in bearer form)  
*(Delete as appropriate)*
- (i) Form of Dematerialised Covered Bonds: [Not Applicable / if Applicable specify whether bearer form (*au porteur*) / registered form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/if applicable give name and address] (*Note that a Registration Agent must be appointed in relation to Fully Registered Dematerialised Covered Bonds only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Covered Bonds on [●] (the "**Exchange Date**"), being forty (40) calendar days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- 23. Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 8(g):** [Not Applicable/*Give details. (Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(vi) relates)*]
- 24. Talons for future Coupons to be attached to Definitive Materialised Covered Bonds (and dates on which such Talons mature):** [No/Yes/Not Applicable. As the Covered Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.] (*Only*

*applicable to Materialised Covered Bonds)*

- 25. Masse:** [[Full Masse]/[Contractual Masse] shall apply]
- (Insert below, as the case may be, details of the Representative and Alternate Representative and remuneration, if any:)*
- (i) Representative: [Name and address of the Representative: [●]]
- (ii) Alternate Representative: [Name and address of the alternate Representative: [●]]
- (iii) Remuneration: [The Representative will receive no remuneration/The Representative will receive a remuneration of [●]]
- (iv) Issue outside France: [Not Applicable/Applicable]
- 26. Exclusion of the possibility to request identification information of Bondholders as provided by Condition 2(a)(i):** [Not Applicable/Applicable]

### [THIRD PARTY INFORMATION]

[(*Relevant third party information*)] has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]<sup>35</sup>

Signed on behalf of Arkéa Home Loans SFH:

By: .....

Duly authorised

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<sup>35</sup> Include if third party information is provided.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing(s): [Official List of the Luxembourg Stock Exchange - other (*specify*)/None]

(ii) (a) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the French law Covered Bonds to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange]/[*specify other relevant regulated market*] with effect from [●].]  
 [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange]/[*specify other relevant regulated market*] with effect from [●].] / [Not Applicable]

[The [first/(*specify*)] Tranche(s) of the Covered Bonds are already listed as from [its/their respective] Issue Date.] (*Where documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.*)

(b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Covered Bonds to be admitted to trading are already admitted to trading: [●]

(iii) Estimate of total expenses related to admission to trading: [●]

## 2. RATINGS

Ratings: [The Covered Bonds are not expected to be rated] / [The Covered Bonds to be issued [have been/are expected to be] rated] / [The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally]:

[S&P: [ ● ]]

[Moody's: [ ● ]]

[[Other]: [ ● ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]<sup>36</sup>*

Credit ratings included or referred to above have been issued by S&P and Moody's [and [ ● ]], each of which is established in the European Union and registered under European Commission Regulation no. 1060/2009 dated 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

## 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

*(Need to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest). May be satisfied by the inclusion of the statement below.)*

[Save for any fees payable to the [Managers/Dealer(s)], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue. The [Managers/Dealer(s)] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

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<sup>36</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000.

**4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>37</sup>**

[(i) Reasons for the offer: [●]

*(See "Use of Proceeds" wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii) Estimated proceeds: [●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [●] (include breakdown of expenses)

**5. YIELD - Fixed Rate Covered Bonds only** [Applicable/Not Applicable]

Indication of yield: [●] per annum.

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<sup>37</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000.

**6. HISTORIC INTEREST RATES - Floating Rate Covered Bonds only**

[Applicable/Not Applicable] *(if not applicable, delete the remaining subparagraph of this paragraph)*

Historic interest rates:

Details of historic [EURIBOR, LIBOR, EUR-CMS] rates can be obtained from [Reuters/[•]].

Benchmarks:

Amounts payable under the Covered Bonds will be calculated by reference to [EURIBOR, LIBOR, EUR-CMS] which is provided by [the European Money Markets Institute/ICE Benchmark Administration Limited]. As at [•], [the European Money Markets Institute/ICE Benchmark Administration Limited] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

**7. OPERATIONAL INFORMATION**

ISIN Code:

[•]

Common Code:

[•]

Depositories:

(i) Euroclear France to act as Central Depository [Yes/No]

(ii) Common Depository for Euroclear Bank and Clearstream Banking, S.A. [Yes/No]

- Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):

[Not Applicable] / [(give name(s) and number(s) and address(es))]

- Delivery:

Delivery [against/free of] payment

- Names and addresses of additional Paying Agent(s) (if any): [Not Applicable]/[●]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable]/(*give names*)
- (A) Names [and addresses]<sup>38</sup> of Managers [and underwriting commitments/quotas]<sup>39</sup>: [Not Applicable/*give names addresses and underwriting commitments*]  
(Include
- (B) Date of [Subscription] Agreement:<sup>40</sup> [●]
- (C) Stabilisation Manager(s) if any: [Not Applicable/*give name*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/(*give name and address*)]
- (iv) Indication of the overall amount of underwriting commission and of the placing commission:<sup>41</sup> [●] per cent of the Aggregate Nominal Amount
- (v) U.S. selling restrictions: The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.  
[TEFRA C/ TEFRA D/ TEFRA not Applicable]
- (vi) Prohibition of Sales to EEA Retail Investors<sup>42</sup>: [Not Applicable/Applicable]

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<sup>38</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000

<sup>39</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000

<sup>40</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000

<sup>41</sup> Not required for Covered Bonds with a denomination per unit of at least €100,000

<sup>42</sup> The expression "Retail Investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive.

**[ANNEX - ISSUE SPECIFIC SUMMARY]**

*[Issue Specific Summary to be inserted for a denomination of less than €100,000 (or its equivalent in any other currency)]*

## TAXATION

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will only include French law Covered Bonds, in the following section.*

*The following is a summary limited to certain tax considerations in France and in the Grand Duchy of Luxembourg relating to the payments made in respect of the Covered Bonds that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in France and in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and as applied by the tax authorities, all of which are subject to changes or to different interpretation (potentially with a retroactive effect). It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Covered Bonds. Each prospective holder or beneficial owner of Covered Bonds should consult its tax advisor as to the tax consequences of any investment in or ownership and disposal of the Covered Bonds in light of its particular circumstances.*

### 1. French Taxation

*The following may be relevant to Bondholders who do not concurrently hold shares of the Issuer.*

- (a) Payments of interest and other revenues made by the Issuer with respect to Covered Bonds will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code (*Code général des impôts*) unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (*Code général des impôts*) (a "**Non-Cooperative State**"). If such payments under the Covered Bonds are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions described below and to the provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code (*Code général des impôts*). The 75% withholding tax is applicable irrespective of the tax residence of the Bondholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code (*Code général des impôts*), interest and other revenues on such Covered Bonds are not deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 *et seq.* of the French General Tax Code (*Code général des impôts*), in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the French General Tax Code (*Code général des impôts*), at a rate of (i) 12.8% for individuals, (ii) 30% for corporate or other legal entities (to be aligned on the standard corporate income tax rate set forth in Article 219-1 of the French General Tax Code (*Code général des impôts*) for fiscal years beginning as from 1 January 2020) or (iii) 75% for payments made outside France in a Non-Cooperative State, subject to the provisions of an applicable double tax treaty, if any.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III, the Deductibility Exclusion, nor the withholding tax set under Article 119 bis 2, will apply in respect of a particular issue of Covered Bonds if the Issuer can prove (i) that the principal purpose and effect of such issue of Covered Bonds was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**") and (ii) in respect of the Deductibility Exclusion that the relevant interest or revenues (a) benefits from the Exception and (b) relates to genuine transactions and are not

in an abnormal or exaggerated amount. Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 no. 550 and no. 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and no. 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, an issue of Covered Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of the Covered Bonds if such Covered Bonds are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
  - (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
  - (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payments systems operator within the meaning of Article L. 561-2 of the French Monetary and Financial Code (*Code monétaire et financier*), or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.
- (b) Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A of the French General Tax Code (*Code général des impôts*), subject to certain limited exceptions, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12,8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. If the amount of this withholding tax exceeds the amount of personal income tax due, the excess is refundable. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 17.2% on interest and similar income paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

## **2. Luxembourg Withholding Tax**

### **(a) Non-resident holders of Covered Bonds**

Under Luxembourg general tax laws currently in force there is no Luxembourg withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

### **(b) Resident holders of Covered Bonds**

Under Luxembourg general tax laws currently in force and subject to the amended law of 23 December 2005 (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent (defined in the same way as in the Law) established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of twenty per cent. (20%). Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Law would be subject to withholding tax of twenty per cent. (20%). Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 20 per cent tax on interest payments made by paying agents (as such term is defined in the Savings Directive) located in a Member State of the EU other than Luxembourg, a Member State of the EEA other than a Member State of the EU, or in a State or territory which has concluded an international agreement directly related to the Savings Directive. In such case, the 20% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The 20% levy is final when Luxembourg resident individuals are acting in the context of the management of their private wealth. The option for the 20% final levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year. The Luxembourg resident individual who is the beneficial owner of interest is responsible for the declaration and the payment of the 20% final levy.

### **Income tax on principal, interest, gains on sales or redemption**

#### **Luxembourg resident corporate holders of the Covered Bonds**

Luxembourg resident corporate holders, or holders of the Covered Bonds who have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of the Covered Bonds is connected, must for income tax purposes include any interest receivable as well as the difference between the sale or redemption price and the lower of the cost or book value of the Covered Bonds sold or redeemed in their taxable income for Luxembourg tax assessment purposes. They will not be liable for any Luxembourg income tax on repayment of principal.

Luxembourg resident corporate holders of the Covered Bonds which are companies benefiting from a special tax regime (such as family estate management companies subject to the amended law of 11 May 2007, undertakings for collective investment subject to the amended law of 17 December 2010 or specialised investment funds subject to the amended law of 13 February 2007) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (*i.e.* corporate income tax, municipal business tax and net wealth tax) other than the annual subscription tax calculated on their (paid-up) share capital (and share premium) or net asset value.

#### **Luxembourg resident individual holders of the Covered Bonds**

An individual holder of the Covered Bonds acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, accrued but unpaid interest in case of disposal of the Covered Bonds, redemption premiums or issue discounts under the Covered Bonds except if the 20% final withholding tax has been levied on such payments or if the individual holder of the Covered Bonds has opted for the application of a 20% levy in full discharge of income tax in accordance with the Law.

Under Luxembourg domestic tax law, Luxembourg resident individual holders of the Covered Bonds who acts in the course of the management of his/her private wealth, are not subject to taxation on capital gains upon the disposition of the Covered Bonds, unless the disposition of the Covered Bonds precedes the acquisition of the Covered Bonds or the Covered Bonds are disposed of within six months of the date of acquisition of these Covered Bonds. Upon a redemption of the Covered Bonds, individual Luxembourg resident Bondholders must however include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income.

Gains realised upon a disposal of the Covered Bonds by an individual holder of the Covered Bonds acting in the course of the management of a professional or business undertaking are subject to Luxembourg income taxes.

### **Net wealth tax**

Luxembourg net wealth tax will be levied on a Luxembourg resident holder of the Covered Bonds, unless if the holder of the Covered Bonds is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010, (iii) a specialised investment fund governed by the amended law of 13 February 2007 (iv) a securitisation company governed by the amended law of 22 March 2004 on securitisation; (v) a company governed by the amended law of 15 June 2004 on the investment company in risk capital; or (vi) a family wealth management company governed by the amended law of 11 May 2007 on family estate management companies.

However, subject to the law of 18 December 2015, a minimum net wealth tax would be applicable for a securitisation company governed by the amended law of 22 March 2004 on securitisation and a company governed by the amended law of 15 June 2004 on the investment company in risk capital.

Luxembourg net wealth tax has been abolished for individual holders of the Covered Bonds as from the year 2006.

### **Other taxes**

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by the holders of the Covered Bonds in connection with the issue of the Covered Bonds, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Covered Bonds, unless the documents relating to the Covered Bonds are voluntarily registered in Luxembourg.

Under Luxembourg tax law, where an individual holder of the Covered Bonds is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Covered Bonds are included in his or her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the Covered Bonds, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

### **3. United States Foreign Account Tax Compliance Act ("FATCA")**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions, including France, have entered into intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to 1 January 2019, and Covered Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional covered bonds (as described under section "Terms and

Conditions of the French law Covered Bonds — Further Issues") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

**Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Covered Bonds.**

## SUBSCRIPTION AND SALE

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will only include French law Covered Bonds and the expression "Bondholders" includes any holder of such French law Covered Bonds, in the following section.*

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 13 September 2018 between the Issuer, the Arranger and the Permanent Dealer(s) (the "**Dealer Agreement**"), the Covered Bonds will be offered by the Issuer to the Permanent Dealer(s). However, the Issuer has reserved the right to sell Covered Bonds directly on its own behalf to Dealers that are not Permanent Dealers. The Covered Bonds may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Covered Bonds may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Covered Bonds to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Covered Bonds subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the Programme and the Dealers for their expenses incurred in connection with certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Covered Bonds. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Covered Bonds. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Covered Bonds in certain circumstances prior to payment for such Covered Bonds being made to the Issuer.

### **Selling Restrictions**

#### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

Each Dealer has agreed that it will comply, to the best of its knowledge, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

#### **United States of America**

The Covered Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons as defined under Regulation S except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Covered Bonds are being offered and sold outside the United States in offshore transactions in reliance on Regulation S. The Issuer is Category 1 for the purposes of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Materialised Covered Bonds having a maturity of more than one (1) year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to

a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

In addition, until forty (40) calendar days after the commencement of the offering of any identifiable Tranche, an offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Covered Bonds outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Covered Bonds, in whole or in part, for any reason.

Materialised Covered Bonds will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation issued under Code section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Covered Bonds are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation issued under Code section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**C Rules**") or (ii) such Materialised Covered Bonds are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Covered Bonds will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The relevant Final Terms will specify whether TEFRA Rules are applicable and, in this case, if TEFRA C or D are applicable.

### **European Economic Area**

If the Final Terms in respect of any Covered Bonds specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in a Member State of the EEA except that it may make an offer of such Covered Bonds to the public in that Member State of the EEA:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than one hundred and fifty (150) natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State of the EEA by any measure implementing the Prospectus Directive in that Member State of the EEA and the expression "**Prospectus Directive**" means

Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended and includes any relevant implementing measure in each relevant Member State of the EEA.

In addition to the foregoing, the following provisions shall apply in respect of the following Member States of the EEA.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

### **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Covered Bonds which have a maturity of less than one (1) year, (i) it is a person whose ordinary activities involve acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

## Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law no. 25 of 1948, as amended, the "**FIEA**") and each of the Dealers has represented and agreed that it will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act no. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly in Japan or to a resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## The Netherlands

Each Dealer appointed under this Programme and each further Dealer appointed under the Programme will be required to agree that it will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Dutch Financial Services Act (Wet op het financieel toezicht, or "**Wft**") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in the Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by Article 5:20(5) of the Wft; or
- (c) such offer is otherwise made in circumstances in which Article 5:20(5) of the Wft is not applicable,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

## France

Each of the Dealer(s) and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Covered Bonds to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) investing for their own account, or (c) a restricted circle of investors (*cercle restreint d'investisseurs*) investing for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4 of the French Monetary and Financial Code (*Code monétaire et financier*).

## Italy

Each of the Issuer and the Dealer(s) represents and agrees, and any further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus has not been, nor will be, published in the Republic of Italy ("**Italy**") in connection with the offering of Covered Bonds and such offering of Covered Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**Consob**") in the Republic of Italy pursuant to Legislative Decree no. 58 of 24 February 1998 as amended (the "**Financial Services Act**") and to Consob Regulation no. 11971 of 14 May 1999, as

amended (the "**Issuers Regulation**"). Accordingly, each of the Issuer and the Dealer(s) represents and agrees, and any further Dealer appointed under the Programme will be required to represent and agree, that no Covered Bond may be offered, sold, transferred or delivered, and will not be offered, sold, transferred or delivered, directly or indirectly, in an offer in Italy in an offer to the public (*offerta al pubblico*), as defined under Article 1, paragraph 1, letter (t) of the Financial Services Act, nor may, or will, copies of this Base Prospectus or of any other document relating to the Covered Bonds be distributed in Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, paragraph 1(b) of the Issuers Regulation; or
- (b) in other circumstances which are exempted from the rules on offers to the public pursuant to, and in compliance with, the conditions set out in Article 100 of the Financial Services Act, the Issuers Regulation and its implementing regulations, including Article 34-ter, first paragraph, of the Issuers Regulation.

Each of the Issuer and the Dealer(s) also represents and agrees, and any further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus, the Final Terms or any other document relating to the Covered Bonds in Italy under (a) or (b) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and, in particular, will be made:

- (a) by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, the Issuers Regulation, Consob Regulation no. 20307 of February 15, 2018 (the "**Banking Act**"); and
- (b) in compliance with any other notification requirement and/or limitation which may be, from time to time, imposed by Consob, the Bank of Italy and/or any other Italian authority.

Any investor purchasing Covered Bonds in the offering is solely responsible for ensuring that any offer or resale of Covered Bonds it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

This Base Prospectus, the Final Terms or any other document relating to the Covered Bonds, and the information contained herein are intended only for the use of its recipients and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in the Republic of Italy other than the original addressees of this Base Prospectus may rely on this Base Prospectus, its content or any other document relating to the Covered Bonds.

## **Germany**

No Base Prospectus nor any prospectus within the meaning of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the German Investment Product Act (*Vermögensanlagegesetz*) has been, or will be, published in Germany or filed with the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) with regard to any Covered Bonds.

Covered Bonds may not be offered, sold or delivered, and will not be offered, sold or delivered, directly or indirectly to the public in Germany, except in compliance with all applicable laws, in the case of German law Covered Bonds in particular the exemptions from the prospectus requirement under Section 2 of the German Investment Product Act and Section 3 and 4 of the German Securities Prospectus Act.

The Issuer assumes no responsibility and makes no representation regarding the suitability of Covered Bonds including, without limitation, German law Covered Bonds as an investment product for any investor. In particular, the Issuer assumes no responsibility for the eligibility of any Covered Bonds as investment for any Bondholder domiciled in Germany and subject to particular regulatory requirements with regard to its investments, including, without limitation, insurance companies, pension funds, credit institutions and investment funds. Unless explicitly stated otherwise in the Conditions and/or the terms and conditions of the German law Covered Bonds or the Final Terms, no reference therein to particular German law regulatory requirements implies or may be construed to imply any representation or warranty by the Issuer as to the suitability of the relevant Covered Bonds for the Bondholder.

## GENERAL INFORMATION

*For the avoidance of doubt, it is specified that the expression "Covered Bonds" will only include French law Covered Bonds and the expression "Bondholders" includes any holder of such French law Covered Bonds, in the following section, except as otherwise specified.*

- (1) This Base Prospectus has been approved by the CSSF, as competent authority in Luxembourg for the purposes of the Prospectus Directive.
- (2) The Legal Entity Identifier (LEI) of Arkéa Home Loans SFH is 9695003L69OAFQ15LD18.
- (3) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the update of the Programme. Any issuance of Covered Bonds under the Programme, to the extent that such Covered Bonds constitute *obligations* under French law, requires the prior authorisation of the board of directors (*conseil d'administration*) of the Issuer, which may delegate its power to any person of its choice.

For this purpose, on 13 April 2018 the board of directors (*conseil d'administration*) of the Issuer has delegated, for a period of one year from 13 April 2018 to 12 April 2019, to the Chief executive officer (*directeur général*) and to the Vice chief executive officer (*directeur général délégué*) acting jointly or separately, the power to decide the issue of bonds (*obligations*) under the Programme, up to a maximum aggregate amount of € 2,000,000,000 (or the equivalent in any other currency) and, to determine the final terms and conditions of such bonds (*obligations*).

- (4) There has been no significant change in the financial position of the Issuer since 30 June 2018.
- (5) There has been no material adverse change in the prospects of the Issuer since 31 December 2017.
- (6) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous twelve (12) months, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
- (7) Save as disclosed in this Base Prospectus in sections "**The Issuer**" on pages 141 to 150, "**Material Contracts**" on pages 157 to 170, "**Asset Monitoring**" on pages 171 to 180 and "**Cash Flow**" on pages 181 to 186, there are no material contracts that are not entered into the ordinary course of the Issuer's business which could result in any member of Crédit Mutuel Arkéa Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Bondholders in respect of the Covered Bonds being issued.
- (8) Application may be made for Covered Bonds to be accepted for clearance through Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgique) and Clearstream (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg) which are entities in charge of keeping the records. The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the relevant Final Terms.

Dematerialised Covered Bonds will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Covered Bonds which are in registered form (*au*

*nominatif*) are also inscribed either with the Issuer or with the Registration Agent. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

- (9) The Issuer does not intend to provide post-issuance transaction information regarding the Covered Bonds to be admitted to trading and the performance of the underlying collateral, except if required by any applicable laws and regulations.
- (10) In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect to such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date on the basis of the Issue Price. The yield will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.
- (11) The Issuer does not produce consolidated financial statements.
- (12) This Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) during a period of at least twelve (12) months from the date of this Base Prospectus. The Final Terms related to Covered Bonds admitted to trading on any Regulated Market of the EEA in accordance with the Prospectus Directive will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) during a period of at least twelve (12) months from the date of this Base Prospectus.

In addition, should the Covered Bonds be admitted to trading on a Regulated Market of the EEA other than the Regulated Market of the Luxembourg Stock Exchange in accordance with the Prospectus Directive, the Final Terms related to those Covered Bonds will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) the Regulated Market of the Member State of the EEA where the Covered Bonds have been admitted to trading or (y) the competent authority of the Member State of the EEA where the Covered Bonds have been admitted to trading.

- (13) So long as Covered Bonds (including German law Covered Bonds) are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s):
  - (a) the *statuts* of the Issuer;
  - (b) the 2016 Financial Information, the 2017 Financial Information and the 2018 Interim Financial Information;
  - (c) the Agency Agreement (which includes the form of the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Covered Bonds, the Coupons, the Talons, the terms and conditions of the German law Covered Bonds and the form of Assignment of the German law Covered Bonds);
  - (d) Final Terms for Covered Bonds that are listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market in the EEA;
  - (e) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and

- (f) all reports, letters and other documents, historical financial information and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.
- (14) In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the relevant Tranche and sixty (60) calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted by the Stabilising Manager (or person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.
- (15) Amounts payable under Floating Rate Covered Bonds will be calculated by reference to EURIBOR, LIBOR or EUR-CMS which are provided by the European Money Markets Institute ("**EMMI**") (with respect to EURIBOR) and ICE Benchmark Administration Limited ("**ICE**") (with respect to LIBOR and EUR-CMS) or other reference rates, as specified in the relevant Final Terms. As at the date of this Base Prospectus, only ICE appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). The relevant Final Terms will specify the administrator of any relevant benchmark used as a reference under the Floating Rate Covered Bonds and whether or not such administrator appears on the above mentioned register of administrators and benchmarks established and maintained by the ESMA.

## **FORWARD LOOKING STATEMENTS**

This Base Prospectus (including the documents incorporated by reference) may contain certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

## SUPPLEMENT TO THE BASE PROSPECTUS

In connection with French law Covered Bonds admitted to trading on a Regulated Market, unless the Issuer does not intend to issue French law Covered Bonds under the Programme for the time being, if at any time during the duration of the Programme there is a significant change affecting any matter contained in this base prospectus (the "**Base Prospectus**"), including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information included or incorporated by reference in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the French law Covered Bonds, the Issuer shall prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the French law Covered Bonds, submit such supplement to the Base Prospectus to the *Commission de Surveillance du Secteur Financier* in Luxembourg for approval and supply each Dealer, the Luxembourg Stock Exchange and the *Commission de Surveillance du Secteur Financier* in Luxembourg with such number of copies of such supplement to the Base Prospectus as may reasonably be requested.

## INDEX OF DEFINED TERMS

€ 4	
2010 Covered Bonds Conditions.....	78
2011 Covered Bonds Conditions.....	78
2013 Covered Bonds Conditions.....	78
2015 Covered Bonds Conditions.....	78
2016 Auditors' Report.....	78
2016 Covered Bonds Conditions.....	78
2016 Financial Information.....	78
2016 Financial Statements.....	78
2017 Auditors' Report.....	78
2017 Covered Bonds Conditions.....	78
2017 Financial Information.....	78
2017 Financial Statements.....	78
2018 Interim Auditors' Review Report.....	78
2018 Interim Financial Information.....	78
2018 Interim Unaudited Financial Statements.....	78
30E/360.....	92
A 152	
A1 152	
A2 153	
Account Holder.....	85
Actual/360.....	92
Actual/365.....	91
Actual/365 (Fixed).....	92
Actual/365-FBF.....	91
Actual/Actual-ICMA.....	91
Actual/Actual-ISDA.....	91
Adjusted Aggregate Asset Amount (AAAA).....	152
Adjusted Home Loan Outstanding Principal Amount	152
Administrative Agreement.....	137
Administrative and Tax Costs.....	163
Administrator.....	137
Agency Agreement.....	81
Aggregate Covered Bond Outstanding Principal Amount	159
Aggregate Covered Bond Outstanding Principal Amount	152
(ACBOPA).....	152
Aggregate Substitution Asset Amount (ASAA).....	153
All Sums Mortgage.....	57
Amortisation Ratio (RA).....	159
Amortisation Test.....	151
Amortisation Test Calculation Period.....	158
Amortisation Test Date.....	158
Amortisation Yield.....	103
Amortised Nominal Amount.....	102
Applicable Deemed Reductions.....	152
Asset Cover Ratio.....	151
Asset Cover Test.....	151
Asset Cover Test Calculation Period.....	151
Asset Cover Test Date.....	151
Asset Monitor.....	150
Asset Monitor Agreement.....	150
Asset Percentage.....	153
Auto-held Covered Bonds.....	117
Automatic Change of Interest Basis.....	99
Available Funds.....	161
B 153	
bail-in tool.....	44
Bank.....	108
Bank Recovery and Resolution Directive.....	44
Banking Act.....	195
Banking Law.....	45
Base Prospectus.....	82, 171, 201
Base Prospectus.....	171
Belgian Mobilisation Act.....	52
Belgian Mortgage Act.....	57
Benchmark.....	90
Benchmarks Regulation.....	65
Bondholder.....	82
Borrower.....	138
Borrower Advance.....	138
Borrower Enforcement Notice.....	140
Borrower Event of Default.....	138
Borrower Facility Agreement.....	138
Borrower Facility Commitment.....	138
Breach of Amortisation Test.....	160
Breach of Asset Cover Test.....	155
Breach of Collection Loss Reserve Funding Requirement	146
Breach of Maximum Legal Substitution Assets Limit	156
Breach of Minimum Legal Overcollateralisation Ratio	156
Breach of Pre-Maturity Test.....	158
Broken Amount.....	95
BRRD.....	44
Business Centre(s).....	91
Business Day.....	91, 108
C 153	
C Rules.....	75, 192
Calculation Agent.....	96
Calculation Agent(s).....	81
Calculation Monitoring Rating Trigger Event.....	150
Calculation Period.....	91
Carrying Cost.....	154
Cash Collateral.....	145
Cash Collateral Account.....	147
Cash Collateral Agreement.....	145
Cash Collateral Funding Notice.....	157
Cash Collateral Provider.....	145
Change of Interest Basis.....	99
Clearstream.....	1, 85
Clearstream.....	119
Closing Date.....	82
CMS Reference Banks.....	98
CNCM.....	48
Code.....	3, 75
Collateral Providers.....	141
Collateral Security.....	141
Collateral Security Agreement.....	141
Collateral Security Assets.....	143
Collateral Security Fee.....	144
Collection Loss Reserve Account.....	147
Collection Loss Trigger Event.....	145
Collective Decisions.....	109
Commission's Proposal.....	62
Common Depository.....	119
Conditions.....	81, 82, 171
Consob.....	194
Couponholders.....	81
Coupons.....	81
Covered Bond Outstanding Principal Amount.....	154
Covered Bond Principal Amount.....	158
Covered Bonds.....	1, 115
Covered Bonds Cross Acceleration Event.....	83

CRA Regulation	1, 74	Interest Accrual Period	93
CRBF Regulation	59	Interest Amount	93
CRD IV	63	Interest Commencement Date	93
Crédit Mutuel Aarkéa	122	Interest Determination Date	93
Crédit Mutuel Arkéa Group	141	Interest Payment Date	93
Crédit Mutuel Entity	141	Interest Period	93
CRR	63	Interest Period Date	93
CSSF	1	Investor's Currency	67
D 154		ISDA Definitions	94
D Rules	75, 192	ISDA Rate	96
Day Count Fraction	91	Issuer	1, 81
Dealer Agreement	191	Issuer Accounts	146
Dealer(s)	69	Issuer Accounts Agreement	146
Deductibility Exclusion	186	Issuer Accounts Bank Rating Trigger Event	148
Definitive Materialised Covered Bonds	1, 85, 119	Issuer Accounts Bank Termination Event	147
Dematerialised Covered Bonds	1, 73, 85	Issuer Accounts Bank's Default	148
Designated Maturity	96	Issuer Calculation Agent	149
Determination Date	92	Issuer Cash Accounts	147
Determination Period	92	Issuer Change of Interest Basis	99
distributor	3	Issuer Enforcement Notice	109
EEA	1, 81	Issuer Event of Default	82
Effective Date	93	Issuer General Account	147
Eligible	141	Issuer Independent Representative	128
Eligible Asset	141	Issuer Independent Representative Consent	128
Eligible Substitution Asset	154	Issuer Securities Accounts	147
Engagement Letter	150	Issuers Regulation	195
ESMA	1	Italy	194
EU Collateral Directive	49	Law	187
EUR	4	Legal Liquidity Cover Period	157
EUR-CMS	90	Legal Liquidity Reserve	156
EURIBOR	90	Legal Substitution Assets	133
euro	4	Lender	138
Euro	4	LIBOR	90
Euro Zone	93	local time	94
Eurobond Basis	92	LTV Cut-Off Percentage	152
Euroclear	1, 85	Majority Bondholders	83
Exception	186	Masse	73, 109
Exchange Date	120	Materialised Covered Bonds	1, 73, 85
Exercise Notice	102	Maximum Legal Substitution Assets Percentage	133
Extended Final Maturity Date	70, 105	Member State	1
Extension of the Maturity	105	MiFID II	3
FATCA	189	MiFID Product Governance Rules	3
FCA Announcement	66	Minimum Legal Overcollateralisation Ratio	135
FIEA	194	Moody's	84
Final Maturity Date	70, 101	Mortgage Mandate	56
Final Terms	1, 81	MREL	63
Financial Centre(s)	108	Non Compliance with Amortisation Test	160
Financial Services Act	194	Non-Compliance with Asset Cover Test	155
Fiscal Agent	81	Non-Cooperative State	186
Fixed Coupon Amount	95	Optional Redemption	72
Fixed Rate Covered Bonds	86	Optional Redemption Amount	103
Fixed/Floating Rate Covered Bonds	86	Optional Redemption Date	101
Floating Rate	96	Ordonnance	45
Floating Rate Covered Bonds	86	Original Foreclosure Value	153
Floating Rate Option	96	Original Market Value	153
French law Covered Bonds	1	Outstanding	83
FSB TLAC Term Sheet	63	Overcollateralisation Ratio	135
FSMA	193	Participating Member States	62
General Meeting	110	Paying Agents	81
German law Covered Bonds	82	Payment Date	84
German law Covered Bonds	1	Permanent Dealer(s)	69
Home Loan Outstanding Principal Amount	152	Permitted Investments	137
IGAs	189	Pre-Maturity Costs	157
Index	152	Pre-Maturity Covered Bond Interest Amount	157
Indexed Valuation	153	Pre-Maturity Rating Downgrade Event	157
Insolvency Event	140	Pre-Maturity Rating Required Levels	157
interest	109	Pre-Maturity Test	157

Pre-Maturity Test Period .....	158	Servicing Procedures .....	144
Price Indexed Valuation.....	153	Servicing Rating Trigger Event .....	144
PRIIPs Regulation .....	4	SFH Law .....	121
principal .....	109	SFH Legal Framework .....	131
Principal Financial Centre.....	97	Share Capital Proceeds Account.....	147
Privilège.....	1, 87, 134	Shared Mortgage.....	57
Privileged Creditors .....	163	Shareholder Letter of Undertaking .....	125
Programme.....	1	Signing Date.....	137
Programme Documents.....	84	Soft Bullet Covered Bonds.....	70, 158
Project .....	48	Specified Currency.....	94
Promise of Mortgage .....	56	Specified Duration.....	94
Prospectus Directive .....	1, 2, 81, 171	Stabilising Manager(s) .....	199
Rate of Interest .....	94	Sterling .....	4
Rating Affirmation .....	84	Subordinated Loans .....	124
Rating Agencies .....	1, 84	Swap Transaction.....	96
Reference Banks .....	94	Swiss Francs.....	4
Registration Agent.....	85	Switch Date .....	99
Regulated Market.....	1, 84	Talons.....	81
Regulation S .....	3	TARGET Business Day .....	91
Relevant Date .....	94	TARGET System.....	91
Relevant Financial Centre .....	94	TEFRA .....	75, 192
Relevant Home Loans .....	153	Temporary Global Certificate.....	1
Relevant Rate.....	94	Temporary Global Certificate.....	119
Relevant Time.....	94	TLAC .....	63
Relevant Transferred Home Loan .....	159	Tranche .....	1, 81
Relevant Undertaking .....	87	Transferred Aggregate Asset Amount (TAAA').....	159
Representative .....	73, 109	Transferred Home Loan Outstanding Principal Amount .....	159
Representative Amount.....	94	U.S. Dollar.....	4
Representative Consent.....	85	WAM.....	154
Reset Date.....	96	WARR.....	153
Risk Factors .....	1	Written Unanimous Decision .....	110
S&P.....	84	Y 154	
S&P Extension Condition .....	149	Yen.....	4
Secured Liabilities .....	141	Z 154	
Securities Act .....	3	Zero Coupon Covered Bonds .....	86
Selection Date.....	151		
Series.....	1, 70, 81		

**Issuer**

**Arkéa Home Loans SFH**  
232, rue du Général Paulet  
B.P. 103  
29802 Brest Cedex 9  
France  
Tel.: +33 2 98 00 94 85

**Arranger**

**Crédit Mutuel Arkéa**  
1, rue Louis Lichou  
29480 Le Relecq Kerhuon  
France

**Permanent Dealer**

**Crédit Mutuel Arkéa**  
1, rue Louis Lichou  
29480 Le Relecq Kerhuon  
France

**Fiscal Agent, Principal Paying Agent, Paris Paying Agent,  
Calculation Agent in respect of the French law Covered Bonds**

**BNP Paribas Securities Services**

Corporate Trust Services  
Les Grands Moulins de Pantin  
9 rue du Débarcadère  
93500 Pantin  
France

**Luxembourg Listing Agent in respect of the French law Covered Bonds**

**BNP Paribas Securities Services, Luxembourg Branch**

(affiliated with Euroclear France under number 29106)

Corporate Trust Services  
60, avenue J.F. Kennedy  
Postal address: L-2085 Luxembourg  
Luxembourg

**Auditors to the Issuer**

**Deloitte & Associés**  
185 avenue Charles de Gaulle  
92524 Neuilly-sur-Seine  
France

**Mazars**  
61 rue Henri Régnauld  
92075 Paris La Défense  
France

**Specific Controller and Substitute Specific Controller to the Issuer**

**Cailliau Dedouit et Associés  
(represented by Laurent Brun)**  
19 rue Clément Marot  
75008 Paris  
France

Rémi Savournin  
19 rue Clément Marot  
75008 Paris  
France

**Legal Adviser to the Arranger and to the Permanent Dealer**

**Gide Loyrette Nouel A.A.R.P.I.**  
22, cours Albert 1<sup>er</sup>  
75008 Paris  
France

**Asset Monitor**

**Deloitte & Associés**  
185 avenue Charles de Gaulle  
92524 Neuilly-sur-Seine  
France