



CRÉDIT MUTUEL ARKÉA

€500,000,000 Fixed Rate Senior Non-Preferred Notes due 31 May 2024

Issue Price: 99.363 per cent.

This prospectus constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended (the "**Prospectus Directive**") and the relevant implementing measures in the Grand-Duchy of Luxembourg.

The €500,000,000 Fixed Rate Senior Non-Preferred Notes due 31 May 2024 (the "**Notes**") will be issued by Crédit Mutuel Arkéa (the "**Issuer**") on 31 May 2017 (the "**Issue Date**") in the denomination of €100,000 each.

The principal and interest on the Notes will constitute direct, unconditional, unsecured and senior (*chirographaires*) non-preferred obligations of the Issuer in accordance with article L.613-30-3 I 4° of the French *Code monétaire et financier* (See "*Terms and Conditions of the Notes - Status of the Notes*"). It is the intention of the Issuer that the Notes shall, for supervisory purposes, be treated as MREL Eligible Instruments (as defined in the "*Terms and Conditions of the Notes – Definitions and Interpretations*").

Each Note will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 31 May 2024 (the "**Maturity Date**"), at a fixed rate of 1.25 per cent. *per annum* payable annually in arrear on 31 May in each year, commencing on 31 May 2018.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at par on the Maturity Date. The Issuer may, at its option (subject to such redemption being permitted by the MREL Regulations and the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority, if required) redeem all, but not some only, of the Notes at their outstanding principal amount plus accrued interest (if any) thereon upon the occurrence of a Tax Event or a MREL Disqualification Event (each as defined in the "*Terms and Conditions of the Notes – Definitions and Interpretations*").

Application has been made to the Luxembourg Stock Exchange for the Notes 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 (*Bourse de Luxembourg*). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC, as amended, appearing on the list of regulated markets issued by the European Securities Markets Authority (the "**ESMA**").

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purposes of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (*loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*) as amended, for the purpose of approving this Prospectus. In accordance 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.

The Notes will be issued in dematerialised bearer form (*au porteur*). Titles to the Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical documents of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will be 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 the "*Terms and Conditions of the Notes – Definitions and Interpretations* ") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, S.A. ("**Clearstream, Luxembourg**").

The Notes are expected to be rated BBB+ by Standard & Poor's Credit Market Services France SAS ("**S&P**"). 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 at the date of this Prospectus, S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published on the ESMA website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

See "**Risk Factors**" below for certain information relevant to an investment in the Notes.

Structuring Advisor and Global Coordinator

Crédit Agricole CIB

Joint Lead Managers

Crédit Agricole CIB

Crédit Mutuel Arkéa

ABN AMRO

Santander Global Corporate Banking

UniCredit Bank

This Prospectus is to be read in conjunction with any document and/or information which is or may be incorporated herein by reference in accordance with Article 15 of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended, implementing the Prospectus Directive in Luxembourg and Article 28 of the European Commission Regulation N°809/2004 dated 29 April 2004, as amended (see section "*Documents incorporated by Reference*" below). This Prospectus contains all relevant information concerning (i) the Issuer, (ii) the local savings banks (*caisses locales*) of the *Crédit Mutuel de Bretagne*, *Crédit Mutuel du Sud-Ouest* and *Crédit Mutuel Massif Central* federations and (iii) the Issuer's subsidiaries taken as a whole (the "Group").

This Prospectus may only be used for the purposes for which it has been published.

No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers. Neither the delivery of this 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 or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction.

The Notes 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. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Notes are being offered and sold outside of the United States of America to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S"). By accessing the Prospectus, you represent that you are a non-U.S. person that is outside of the United States. This Prospectus is not for publication, release or distribution in the United States.

For a description of these, and certain further restrictions on offers, sales and transfers of Notes and on distribution of this Prospectus, see section "*Subscription and Sale*".

The Joint Lead Managers have not separately verified the information contained in this Prospectus. None of the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Prospectus, or any other information provided by the Issuer in connection with the issue and sale of the Notes. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes (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 or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer after the date of this Prospectus nor to advise any investor or prospective investor in the Notes of any information that may come to the attention of any of the Joint Lead Managers. Any websites included in the Prospectus are for information purposes only and do not form part of the Prospectus.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" or "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.

In connection with the issue of the Notes, Crédit Agricole Corporate and Investment Bank (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes 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 terms of the offer of is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the Notes and sixty (60) days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

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PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

Crédit Mutuel Arkéa (the "**Responsible Person**") accepts responsibility for the information contained in this Prospectus. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus (including, for the avoidance of doubt, any information incorporated by reference) is in accordance with the facts and contains no omission likely to affect its import.

The Responsible Person furthermore declares that, any translation contained in this Prospectus is, to the best of its knowledge, a fair and true translation of the original version.

Crédit Mutuel Arkéa

1, rue Louis Lichou
29480 Le Relecq Kerhuon
France

RISK FACTORS

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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. The risk factors may relate to the Issuer or any of its subsidiaries.

The Issuer believes that the factors described below represent principal risks inherent in investing in the Notes. Investors must be aware that other risks and uncertainties which, on the date of this Prospectus, are not known by the Issuer, or are considered not to be relevant, may have a significant impact on the Issuer, its activities, its financial condition and the Notes. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents 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 Notes.

The Issuer considers that the Notes should only be purchased by investors which 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 Notes.

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

1. RISK FACTORS RELATING TO THE ISSUER AND ITS ACTIVITY

The Issuer is subject to several categories of risks inherent in banking activities, which include, *inter alia*, credit risks, market, liquidity and financing risks, as well as operational risks.

Investors are invited to read the detailed information on risk factors relating to the Issuer and its activity set out in the 2016 Annual Report (pages 160 to 196) incorporated by reference herein (See section "*Documents Incorporated by Reference*" below).

The Issuer has been involved in some legal disputes since late 2014 with the Confédération Nationale du Crédit Mutuel (the "CNCM"), the central body of the Crédit Mutuel, relating to alleged conflicts of interests. Such disputes essentially relate to the exercise by the CNCM of its administrative, technical and financial supervision and the use of the "Crédit Mutuel" name. These disputes have resulted in a number of court cases involving the Issuer and the CNCM. A number of press releases have been published by both the Issuer and the CNCM relating to this dispute including those published by the Issuer on 6 and 13 October 2014, 18 May 2016, 12 and 21 October 2016, 13 December 2016 and 11 January 2017 (together, the "**Press Releases**"). Potential investors are referred to the information contained in the Press Releases which are incorporated by reference in the Prospectus for a more detailed description of the disputes. On 3 May 2016, the Issuer opened talks with the CNCM in order to acknowledge the existence of two autonomous and competing banking groups, namely Credit Mutuel Arkea and CM11-CIC. This proposal was rejected by the CNCM. The Issuer published a press release on 18 May 2016 insisting on its desire to operate as a fully autonomous banking group, which desire was reaffirmed by a 96.4%-majority vote on 19 and 21 October 2016 of the three *fédérations* of the Issuer (Bretagne, Massif Central and Sud-Ouest). Since October 2016, the Issuer has also been involved in a sanction procedure initiated by CNCM which resulted in a decision of the *Conseil d'administration* of CNCM, acting as a disciplinary body, passed on 11 January 2017 imposing a "*blâme*" on the Issuer. In a press release dated 11 January 2017, the Issuer indicated that this sanction, which is purely political and internal to the Crédit Mutuel organization, has no impact on its activities and that of the Group and will be challenged by the Issuer. On 9 March 2017, the Issuer appealed against this sanction before the administrative court (*tribunal administratif*) of Rennes.

At this stage, there can be no assurance as to how the conflict between the Issuer and CNCM may develop and/or as to when such conflict may be resolved nor the impact it may have on the activities of the Issuer and/or the Group were the Issuer to remain a part of the current Crédit Mutuel organization or become a fully autonomous banking group and, accordingly, on the value of the Notes.

2. RISK FACTORS RELATING TO THE NOTES

The following paragraphs describe the risk factors that are material to the Notes in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

The Notes may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on its overall investment portfolio.

The Notes are complex instruments that may not be suitable for certain investors

The Notes are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

Senior non-preferred securities are new types of instruments for which there is not a long trading history

Prior to the entry into force of the Senior Non-Preferred Law on 11 December 2016, French issuers were not able to issue securities with a senior non-preferred ranking. Accordingly, there is not a long trading history for securities of French banks with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non-preferred obligations. The credit ratings assigned to senior non-preferred securities such as the Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non-preferred securities such as the Notes will be lower than those expected by investors at the time of issuance of the Notes. If so, investors may incur losses in respect of their investments in the Notes.

The Notes are senior non-preferred obligations and are junior to certain obligations.

The Issuer's obligations under the Notes constitute senior non-preferred obligations within the meaning of Article L.613-30-3 I 4° of the French *Code monétaire et financier* (the "**Senior Non-Preferred Law**"). While the Notes by their terms are expressed to be direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer, they nonetheless rank junior in priority of payment to senior preferred obligations of the Issuer. The Issuer's senior preferred obligations include all of its deposit obligations, its obligations in respect of derivatives and other financial contracts, its unsubordinated debt securities outstanding as of the date of the entry into force of the Senior Non-Preferred Law and all unsubordinated or senior debt securities issued thereafter that are not expressed to be senior non-preferred obligations within the meaning of the Senior Non-Preferred Law.

The amount of the Issuer's outstanding senior preferred debt securities, the deposit liabilities and the fair market value of derivative liabilities are set forth in the Issuer's consolidated financial statements (as of the respective dates specified therein) that are incorporated by reference in this Prospectus. There is no restriction on the incurrence by the Issuer of additional senior preferred obligations. As a consequence, if the Issuer enters into

judicial liquidation proceedings or if it is liquidated for any other reason, it will be required to pay substantial amounts of senior preferred obligations before any payment is made in respect of the Notes.

In addition, if the Issuer enters into resolution, its eligible liabilities (including the Notes) will be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments, in the order of priority that would apply in judicial liquidation proceedings or if the Issuer is liquidated for any other reason. Because senior non-preferred obligations such as the Notes rank junior to senior preferred obligations, the Notes would be written down or converted in full before any of the Issuer's senior preferred obligations were written down or converted.

As a consequence, holders of the Notes bear significantly more risk than holders of senior preferred obligations, and could lose all or a significant part of their investments if the Issuer were to enter into resolution or judicial liquidation proceedings or if the Issuer is liquidated for any other reason.

The Notes may be subject to mandatory write-down or conversion to equity if the Issuer becomes subject to a resolution procedure

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 dated 15 May 2014 (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force on 2 July 2014. 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 was implemented in France by the *Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière* dated 20 August 2015 (the "**Ordonnance**") which has amended and supplemented 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* (the "**Banking Law**").

Under this *Ordonnance*, the *Autorité de contrôle prudentiel et de résolution* (the "**ACPR**") or the single resolution board (the "**Single Resolution Board**") established by 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 (the "**Single Resolution Mechanism Regulation**") (each of the ACPR, the Single Resolution Board, and any other authority entitled to exercise or participate in the exercise of any Bail-in Tool (as defined below) from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation), is hereinafter referred to as a "**Relevant Resolution Authority**") may commence resolution proceedings in respect of an institution such as the Issuer when the Relevant Resolution Authority determines that:

- the institution is failing or likely to fail;
- there is no reasonable prospect that another action will prevent the failure within a reasonable time; and
- a resolution measure is required, and a liquidation procedure would fail, to achieve the objectives of the resolution: (i) to ensure the continuity of critical functions, (ii) to avoid a significant adverse effect on the financial system, (iii) to protect public funds by minimizing reliance on extraordinary public financial support, and (iv) to protect client funds and assets, and in particular those of depositors.

Failure of an institution means that it does not respect requirements for continuing authorization, it is unable to pay its debts or other liabilities when they fall due, it requires extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

After resolution proceedings are initiated, the Relevant Resolution Authority may use one or more of several resolution tools with a view to recapitalizing or restoring the viability of the institution, as described below.

French law also provides for certain safeguards when certain resolution tools and measures are implemented including the "no creditor worse off than under normal insolvency proceedings" principle, whereby creditors of the institution under resolution should not incur greater losses than they would have incurred had the institution been wound up under a liquidation proceeding.

Bail-in Tool

Once a resolution procedure is initiated, the powers provided to the Relevant Resolution Authority include bail-in tools (the "**Bail-in Tool**"), meaning the power to write down eligible liabilities of a credit institution in

resolution, or to convert them to equity securities or other instruments. Eligible liabilities include subordinated debt instruments not qualifying as capital instruments, senior unsecured debt instruments (such as the Notes) and other liabilities that are not excluded from the scope of the Bail-in Tool pursuant to the BRRD, such as non-covered deposits or financial instruments that are not secured or used for hedging purposes.

The Bail-in Tool may also be applied to any liabilities that are capital instruments and that remain outstanding at the time the Bail-in Tool is applied. Before the Relevant Resolution Authority may exercise the Bail-in Tool in respect of eligible liabilities, capital instruments must first be written down or converted to equity or other instruments, in the following order of priority:

- (i) common equity tier 1 instruments are to be written down first,
- (ii) other capital instruments (additional tier 1 instruments) are to be written down or converted into common equity tier 1 instruments, and
- (iii) tier 2 capital instruments (such as the Subordinated Notes) are to be written down or converted into common equity tier 1 instruments.

Once this has occurred, the Bail-in Tool may be used to write down or convert eligible liabilities as follows:

- (i) subordinated debt instruments other than capital instruments are to be written down or converted into common equity tier 1 instruments in accordance with the hierarchy of claims in normal insolvency proceedings, and
- (ii) other eligible liabilities (including senior debt instruments) are to be written down or converted into common equity tier 1 instruments, in accordance with the hierarchy of claims in normal insolvency proceedings (under such hierarchy, the Notes would be written down or converted before senior preferred notes).

Instruments of the same ranking are generally written down or converted to equity on a *pro rata* basis.

The exercise of the Bail-in Tool by Relevant Resolution Authorities could result in the partial or write-down or conversion into equity securities or other instruments of the Notes. In addition, if the Issuer's financial condition, or that of any member of the MREL Group (as defined in the "*Terms and Conditions of the Notes – Definitions and Interpretations*") deteriorates or is perceived to deteriorate, the existence of these powers could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such powers.

Other resolution measures

In addition to the Bail-in Tool, the Relevant Resolution Authority is provided with broad powers to implement other resolution measures with respect to failing institutions or, under certain circumstances, their groups, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a temporary administrator (*administrateur spécial*) and the issuance of new equity or own funds.

The exercise of these powers by Relevant Resolution Authorities could result in the partial or total write-down or conversion to equity of the Notes. In addition, if the financial condition of the Issuer or its Group deteriorates, or is perceived to deteriorate, the existence of these powers could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such powers.

Limitation on Enforcement

Article 68 of BRRD, as transposed in France in Articles L.613-45-1 and L.613-50-4 of the French *Code monétaire et financier*, provides that certain crisis prevention measures and crisis management measures, including the opening of a resolution proceeding in respect of the Issuer, may not by themselves give rise to a contractual enforcement right against the Issuer or the right to modify the Issuer's obligations, so long as the Issuer continues to meet its payment obligations. Accordingly, if a resolution proceeding is opened in respect of the Issuer, holders of the Notes will not have the right to declare an event of default, to accelerate the maturity of the Notes, to modify the terms of the Notes or to exercise other enforcement rights in respect of the Notes so long as the Issuer continues to meet its payment obligations.

The qualification of the Notes as MREL Eligible Instruments is subject to uncertainty

French credit institutions (such as the Issuer) have to meet, at all times, a minimum requirement for own funds and eligible liabilities pursuant to Article L.613-44 of the French *Code monétaire et financier*. The MREL (as defined in the "*Terms and Conditions of the Notes*") shall be expressed as a percentage of the total liabilities and own funds of the institution and aims at avoiding institutions structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Tool.

The Notes are intended to be MREL Eligible Instruments under the MREL Regulations (each as defined in the "*Terms and Conditions of the Notes – Definitions and Interpretations*"). However, there is uncertainty regarding the evolution of the MREL Regulations, and the Issuer cannot provide any assurance that the Notes will be or remain MREL Eligible Instruments.

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**"). The implementation of the current texts and the new proposals, and their application to the Issuer and any member of the MREL Group or the taking of any action thereunder is currently uncertain.

While the Issuer believes that the Terms and Conditions of the Notes are consistent with the European Commission's proposals, these proposals have not yet been interpreted and when finally adopted the final MREL Regulations may be different from those set forth in these proposals. Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that the Notes will ultimately be MREL Eligible Instruments. If they are not MREL Eligible Instruments (or if they initially are MREL Eligible Instruments and subsequently become ineligible due to a change in MREL Regulations), then an MREL Disqualification Event will occur.

The Notes may be redeemed at the Issuer's option upon the occurrence of a Tax Event or a MREL Disqualification Event

The Terms and Conditions of the Notes provide for early redemption at the option of the Issuer (subject to such redemption being permitted by the MREL Regulations and the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority, if required) upon the occurrence of a Tax Event or a MREL Disqualification Event (each as defined in the "*Terms and Conditions of the Notes – Definitions and Interpretations*"). If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Implementation of CRD IV package

Under EU legislation through the "CRD IV package" which consists of the Capital Requirements Directive no. 2013/36/EU dated 26 June 2013 and the Capital Requirements Regulation no. 575/2013 dated 26 June 2013. A number of requirements arising from the CRD IV package was implemented under French law by the Banking Law (as defined above), as amended, in particular 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 by 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 Notes 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 Prospectus should consult their own advisers as to the consequences and effects the implementation of the CRD IV package could have on them.

The terms of the Notes contain a waiver of set-off rights

The terms of the Notes provide that their holders waive any set-off rights to which they might otherwise be entitled to the extent such rights would otherwise impact the loss absorbing capacity of the Notes. As a result, holders of the Notes will not at any time be entitled to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

No Events of Default

The Notes do not contain any events of default. In no event will holders of the Notes be able to accelerate the maturity of their Notes. Accordingly, if the Issuer fails to meet any obligations under the Notes, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to holders of Notes for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The terms of the Notes contain very limited covenants

There is no negative pledge in respect of the Notes. In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes

French Insolvency Law

The Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in the Terms and Conditions of the Notes. However, under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), accelerated preservation (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a Euro Medium Term Note Programme) and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling payments which are due and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third (2/3) majority (calculated as a proportion of the amount of debt securities held by the holders who have cast a vote at such Assembly). No quorum is required to convoke of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes will only be applicable with respect to the Assembly to the extent they do not conflict with compulsory insolvency law provisions that apply in these circumstances.

The above procedures could have an adverse impact on Noteholders seeking the repayment of their Notes in the event that the Issuer is to become insolvent.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer were liquidated (whether voluntarily or involuntarily), the holders of Notes could suffer loss of their entire investment.

The Issuer will not be required to redeem the Notes if it is prohibited by French law from paying additional amounts

In the event that the Issuer is required to withhold amounts in respect of taxes from payments of interest on the Notes, the Terms and Conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the holders of the Notes will receive the amount they would have received in the absence of such withholding. Under French tax law, there is a degree of uncertainty as to whether the Issuer may pay such additional amounts. French debt instruments typically provide that, if an issuer is required to pay additional amounts but is prohibited by French law from doing so, the issuer must redeem the debt instruments in full. However, MREL Regulations include redemption restrictions that limit the ability of the Issuer to implement such mandatory redemption provisions for instruments benefitting from specific capital adequacy treatment. As a result, the Terms and Conditions of the Notes do not provide for the mandatory redemption of the Notes in such a case. As a consequence, in such a case, holders will receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected, unless the Issuer is able and willing to redeem the Notes pursuant to one of the early redemption or repurchase options provided for in the Terms and Conditions of the Notes.

The Notes may be subject to substitution and variation without Noteholder consent

As provided in the Terms and Conditions of the Notes, in particular to the provisions of Condition 11 (*Substitution and Variation*), in the event that a MREL Disqualification Event, Tax Event or Variation Event occurs and is continuing, the Issuer may, at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes (as defined in the "*Terms and Conditions of the Notes*"), subject to the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority if required. While Qualifying Notes generally must contain terms that are at least as favorable to Noteholders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes 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 Notes 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 Notes 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 Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. 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 euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro 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 euro would decrease (1) the Investor's Currency-

equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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.

Credit ratings may not reflect all risks

The Notes are expected to be rated BBB+ by Standard & Poor's Credit Market Services France SAS ("**S&P**"). This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

As at the date of this Prospectus, S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published on the European Securities and Markets Authority website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Market value of the Notes

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

The market value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity or redemption, as the case may be, may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Interests of the Joint Lead Managers

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes.

The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or

express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Fixed Rate Notes

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

Modification of the Conditions

The Noteholders will be grouped automatically for the defence of their common interests in a *Masse* (as defined in the "*Terms and Condition of the Notes – Representation of Noteholders*") and a General Meeting can be held. The Terms and Conditions of the Notes permit, in certain cases, defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority. The General Meeting may deliberate on any proposal relating to the modification of the Conditions including any proposal (subject to the prior approval of the Relevant Prudential Authority), whether for arbitration or settlement, relating to rights in controversy or which were the subjects of judicial decisions, as more fully described in the Terms and Conditions of the Notes.

Change of law

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

Taxation

Potential purchasers and sellers of the Notes 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 Notes 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 Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

The proposed financial transactions tax

On 14 February 2013, the European Commission has published a proposal for a directive (the "**Proposed Directive**") implementing an enhanced co-operation with regards to the financial transaction tax, which could, if adopted, impose a financial transaction tax on the Notes (the "**FTT**") The Proposed Directive would apply in eleven Member States of the European Union (Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Estonia and Slovakia (the "**Participating Member States**").

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

Pursuant to the Proposed Directive, the FTT would apply to all financial transactions on the condition that at least one party to the transaction is established in a Participating Member State and that a financial institution established in a Participating Member State is party to the transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction. However, the FTT should notably not apply to transactions on the primary market set out under article 5 (c) of the Commission Regulation (EC) 1287/2006/EC dated 10 August 2006, including the subscription and allocation of financial securities upon their issuance. The FTT would be payable by each financial institution established or deemed established in a Participating Member State which would be party to the transaction or acts on behalf of a party to the transaction, or when the transaction has been carried out in its behalf.

The Proposed Directive remains subject to negotiation between the Participating Member States and its scope remains uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. If the proposed directive or any similar tax were adopted, transactions on the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the sections referred to in the table below, included in the English translation 2016 annual report of the Issuer (the "**2016 Annual Report**") containing the audited consolidated annual financial statements and the English language version of the statutory auditors' report for the financial year ended 31 December 2016 of the Issuer (the "**2016 Consolidated Financial Statements**");
- (b) the sections referred to in the table below, included in the English translation of the 2015 registration document of the Issuer filed with the French *Autorité des marchés financiers* under reference D.16-0306 on 8 April 2016 (the "**2015 Registration Document**") containing the audited consolidated annual financial statements and the English language version of statutory audit report for the financial year ended 31 December 2015 of the Issuer (the "**2015 Consolidated Financial Statements**"); and
- (c) the press releases published by the Issuer dated 6 and 13 October 2014, 18 May 2016, 12 and 21 October 2016, 13 December 2016 and 11 January 2017 (together, the "**Press Releases**").

All documents incorporated by reference in this Prospectus may be obtained without charge, on request, at the principal offices of the Issuer, at the office of the Paying Agent and at the office of the Luxembourg Listing Agent set out at the end of this Prospectus during normal business hours so long as any of the Notes are outstanding. Such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). For the avoidance of a doubt, the documents which are incorporated by reference in the documents incorporated by reference in this Prospectus and referred to in paragraphs (a) and (b) above, are not incorporated by reference in this Prospectus.

The information incorporated by reference in this 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 not required by the schedules of the Commission Regulation (EC) No 809/2004 of April 2004, as amended, and is given for information purposes only.

Relevant part of the Annex XI of the European Regulation 809/2004/EC, as amended			
2. STATUTORY AUDITORS.	2015 Registration Document	2016 Annual Report	Press Releases
2.1. Names and addresses of the Issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).		258	
2.2. If auditors have resigned, been removed or not been reappointed during the period covered by the historical financial information, details if material.		258	
3. RISK FACTORS			
3.1. Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed «Risk Factors».		160 to 196	
4. INFORMATION ABOUT THE ISSUER			
4.1. History and development of the Issuer		11	
4.1.1. the legal and commercial name of the issuer		255	
4.1.2. the place of registration of the issuer and its registration number		255	
4.1.3. the date of incorporation and the length of life of the issuer		255	
4.1.4. the domicile and legal form of the issuer, applicable law, its country of incorporation, and the address and telephone number of its registered office		255	
4.1.5. any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.		10 and 154	
5. BUSINESS OVERVIEW			
5.1. Principal activities:		12 to 17	
5.1.1. A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed		12 to 17	

5.1.2. An indication of any significant new products and/or activities		18 to 21	
5.1.3. Principal markets A brief description of the principal markets in which the issuer competes		12 to 17	
6. ORGANISATIONAL STRUCTURE			
6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it.		8, 9, 22 to 23	
7. TREND INFORMATION			
7.1 Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements. In the event that the issuer is unable to make such a statement, provide details of this material adverse change.		75	
7.2 Information on any known trend		75	All pages
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
9.1. Names, business addresses and functions in the issuer and an indication of the principal activities performed outside the issuer of: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.		26 to 34	
9.2. Administrative, Management, and Supervisory bodies conflicts of interests		57	
10. MAJOR SHAREHOLDERS			
10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.		255	

10.2 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		N/A	
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
11.1 Historical financial information			
	<i>2015 Consolidated Financial Statements</i>	<i>2016 Consolidated Financial Statements</i>	
- Balance sheet	Pages 76 and 77 of the 2015 Registration Document	Pages 76 and 77 of the 2016 Annual Report	
- Income Statement	Page 78 of the 2015 Registration Document	Page 78 of the 2016 Annual Report	
- Change in shareholders' equity	Pages 80 and 81 of the 2015 Registration Document	Pages 80 and 81 of the 2016 Annual Report	
- Statement of cash flows	Pages 82 and 83 of the 2015 Registration Document	Pages 82 and 83 of the 2016 Annual Report	
- Notes	Pages 84 to 152 of the 2015 Registration Document	Pages 84 to 154 of the 2016 Annual Report	
- Auditors' report on the Consolidated Financial Statements	Pages 255 and 256 of the 2015 Registration Document	Pages 259 and 260 of the 2016 Annual Report	

USE OF PROCEEDS

The net proceeds of the issue of Notes will be used for the Issuer's general corporate purposes.

DESCRIPTION OF THE ISSUER AND THE GROUP

A description of the Issuer can be found on pages 8 to 23 of the 2016 Annual Report which are incorporated by reference herein.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue outside the Republic of France of the €500,000,000 1.25 per cent. Senior Non-Preferred Notes due 31 May 2024 (the "**Notes**") of Crédit Mutuel Arkéa (the "**Issuer**") has been authorised pursuant to the resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 3 March 2017. The Issuer has entered into a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 29 May 2017 with BNP Paribas Securities Services as fiscal agent and principal paying agent. The fiscal agent and the principal paying agent for the time being and the paying agents are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**" and the "**Paying Agents**" (which expression shall include the Principal Paying Agent and any future paying agent duly appointed by the Issuer in accordance with the Fiscal Agency Agreement), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the "**Agents**". Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents.

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

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

1. Definitions and Interpretation

1.1 Definitions

In these Conditions the following expressions have the following meanings:

"**Account Holders**" shall mean any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear and Clearstream, Luxembourg.

"**Amounts Due**" shall have the meaning ascribed to it in Condition 17 (*Bail-in*).

"**Bail-in Power**" means any power existing from time to time under any laws, regulations, rules or requirements in effect in France relating to the implementation of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, "**BRRD**"), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time), 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 and amending Regulation (EU) No 1093/2010 (as amended from time to time, "**SRM**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

"**Business Day**" means a day on which the TARGET System is operating and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in euros in Paris.

"**Clearstream, Luxembourg**" means Clearstream Banking S.A., Luxembourg.

"**EUR**" or "**euro**" and "**€**" refer to the lawful currency of the European Union introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**Euroclear France**" means Euroclear France S.A.

"**FSB TLAC Term Sheet**" means 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.

"**Interest Payment Dates**" means 1.25 per cent. in each year from (and including) 31 May 2018.

"**Interest Period**" means the period beginning on (and including) the Issue 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.

"**Issue Date**" means 31 May 2017.

"**Maturity Date**" means 31 May 2024.

"**MREL**" refers to the "minimum requirement for own funds and eligible liabilities" for banking institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in article L.613-44 of the French *Code monétaire et financier*) and Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, or any successor requirement.

"**MREL Disqualification Event**" means, at any time, that all or part of the outstanding nominal amount of the Notes does not fully qualify as MREL Eligible Instruments, except where such non-qualification is due to the remaining maturity of such Notes being less than any period prescribed by the MREL Regulations.

"**MREL Eligible Instrument**" means an instrument that is eligible to meet the MREL Requirements.

"**MREL Group**" means any local savings bank (*caisse locale*) of the *Crédit Mutuel de Bretagne*, *Crédit Mutuel du Sud-Ouest* and *Crédit Mutuel Massif Central* federations and of any federation affiliated to the Issuer from time to time, the Issuer and any of its subsidiaries (excluding *Suravenir* and *Suravenir Assurances*) from time to time taken as a whole.

"**MREL Regulations**" means, at any time, the applicable laws, regulations, requirements, guidelines and policies giving effect to (i) MREL and (ii) additional requirements that may become applicable to the Issuer in connection with the implementation of the TLAC standard set forth in the FSB TLAC Term Sheet or any successor principles, including any relevant implementing legislation and regulation in France. If there are separate laws, regulations, requirements, guidelines and policies giving effect to the principles described in (i) and (ii), then "MREL Regulations" shall mean all such regulations, requirements, guidelines and policies.

"**MREL Requirements**" means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the MREL Group referred to in the MREL Regulations.

"**New Terms and Conditions**" means, at any time, any terms and conditions of an unsecured, senior non-preferred instrument within the meaning of Article L.613-30-3 I 4° of the French *Code monétaire et financier* issued by the Issuer that are different in any material respect from the terms and conditions of the Notes at such time.

"**Noteholders**" means any person whose name appears in the account of the relevant Account Holder as being entitled to the Notes.

"**Qualifying Notes**" means, at any time, any securities denominated in euros and issued directly or indirectly by the Issuer that:

- (a) contain terms which at such time comply with the then current requirements for MREL-Eligible Instruments as embodied in the MREL Regulations; and
- (b) carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation pursuant to Condition 11 (*Substitution and Variation*); and
- (c) have the same outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to Condition 11 (*Substitution and Variation*); and

- (d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to Condition 11 (*Substitution and Variation*); and
- (e) rank *pari passu* with the Notes prior to the relevant substitution or variation pursuant to Condition 11 (*Substitution and Variation*); and
- (f) shall not at such time be subject to a MREL Disqualification Event and/or a Tax Event, as applicable; and
- (g) have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered an officer's certificate to that effect to the Fiscal Agent at the Fiscal Agent's specified office during its normal business hours not less than five (5) Business Days prior to (x) in the case of a substitution of the Notes pursuant to Condition 11 (*Substitution and Variation*), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to Condition 11 (*Substitution and Variation*), the date such variation becomes effective; and
- (h) are listed or admitted to trading on any Regulated Market.

"**Redemption Amount**" means, in respect of any Note, its outstanding principal amount.

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier*, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Regulated Market**" means any regulated market situated in a Member State of the European Economic Area as defined in the Directive 2004/39/EC on markets in financial instruments, as amended.

"**Relevant Prudential Authority**" means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

"**Relevant Resolution Authority**" means the *Autorité de contrôle prudentiel et de résolution* ("ACPR"), the Single Resolution Board ("SRB") established pursuant to the SRM, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the SRM).

"**Senior Non-Preferred Obligations**" means any obligations or other instruments issued by the Issuer which are within the category of obligations described in article L.613-30-3 I 4° of the French *Code monétaire et financier*.

"**Senior Preferred Obligations**" means any obligations or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article L.613-30-3 I 3° of the French *Code monétaire et financier*. For the avoidance of doubt, all unsubordinated debt securities issued by the Issuer prior to the entry into force of Article L.613-30-3 I 4° of the French *Code monétaire et financier* on 11 December 2016 shall constitute Senior Preferred Obligations.

"**Subordinated Obligations**" means any subordinated obligations or other instruments issued by the Issuer which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

"**Tax Event**" shall have the meaning given to such term in Condition 6.3 (*Redemption upon the occurrence of a Tax Event*).

"**Variation Event**" means that the applicable MREL Regulations have been amended to permit an instrument of the Issuer with New Terms and Conditions to be treated as a MREL Eligible Instrument.

"**Waived Set-Off Rights**" means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

1.2 Interpretation

In these Conditions:

- (a) any reference to "principal" shall be deemed to include the outstanding principal amount of the Notes and any other amount in the nature of principal payable pursuant to these Conditions; and
- (b) any reference to "interest" shall be deemed to include the amount of interest and any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions.

2. Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in the denominations of €100,000 each (the "**Specified Denomination**"). Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. Status of the Notes

The principal and interest on the Notes are Senior Non-Preferred Obligations, which constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer, and rank and shall at all times rank:

- (a) *pari passu* among themselves and with other Senior Non-Preferred Obligations;
- (b) senior to Subordinated Obligations; and
- (c) junior to present and future claims benefiting from statutory preferences, including Senior Preferred Obligations.

Subject to applicable law, if any judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the Noteholders will have a right to payment under the Notes:

- (a) only after, and subject to, payment in full of holders of Senior Preferred Obligations and other present and future claims benefiting from statutory preferences or otherwise ranking in priority to Senior Non-Preferred Obligations; and
- (b) subject to such payment in full, in priority to holders of Subordinated Obligations and other present and future claims otherwise ranking junior to Senior Non-Preferred Obligations.

4. Negative Pledge

There is no negative pledge in respect of the Notes.

5. Interest

5.1 Interest rate

The Notes shall bear interest on their outstanding principal amount at a rate of interest of 1.25 per cent. per annum (the "**Rate of Interest**") from (and including) the Issue Date, the amount of interest per Specified Denomination on each Interest Payment Date being of €1,250 per Specified Denomination. Interest shall be payable annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 7 (*Payments*).

5.2 **Accrual of interest**

Each Note will cease to bear interest from the due date for redemption, unless payment of the Redemption Amount is improperly withheld or refused on such date. In such event, interest on such Note shall continue to accrue at the Rate of Interest on their remaining unpaid amount (both before and after judgment) until the day (included) on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

If interest is required to be calculated for a period of less than one year, it will be calculated on an actual/actual basis for each period, that is to say the actual number of days elapsed during the relevant period divided by 365 (or by 366 if a 29 February is included in such period), the result being rounded to the nearest cent (half a cent being rounded upwards).

6. **Redemption and Purchase**

6.1 **Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed on the Maturity Date at their Redemption Amount.

6.2 **Redemption upon the occurrence of a MREL Disqualification Event**

Upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option at any time and subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14 (*Notices*) below, redeem all (but not some only) of the outstanding Notes at their Redemption Amount, together with accrued but unpaid interest (if any) thereon, subject to (i) such redemption being permitted by the MREL Regulations and (ii) the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority if required.

6.3 **Redemption upon the occurrence of a Tax Event**

If, by reason of any change in French laws or regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*) below (a "**Tax Event**"), the Issuer may, at its option at any time and subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 14 (*Notices*), redeem all (but not some only) of the Notes at their Redemption Amount, together with any accrued but unpaid interest (if any) thereon, subject to (i) such redemption being permitted by the MREL Regulations and (ii) the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority if required, and 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 the relevant interest without being required under Condition 8 (*Taxation*) to pay such additional amounts.

6.4 **Purchase**

The Issuer may at any time purchase Notes in the open market or otherwise at any price subject to applicable laws and regulations, subject to (i) such redemption being permitted by the MREL Regulations and (ii) the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority, if required. Notes so purchased by or on behalf of the Issuer may be held and resold in accordance with applicable laws and regulations or cancelled in accordance with Condition 6.5 (*Cancellation*) below. Notes repurchased by or on behalf of the Issuer may be purchased and held in accordance with Article L. 213-0-1 of the French *Code monétaire et financier* (formerly Article L.213-1-A of the French *Code monétaire et financier*) for the purpose of enhancing the liquidity of the Notes for a maximum period of one (1) year from the date of purchase in accordance with Article D. 213-1-A of the French *Code monétaire et financier*.

6.5 **Cancellation**

Any Note redeemed or purchased for cancellation by the Issuer pursuant to this Condition 6 will forthwith be cancelled (together with rights to interest any other amounts relating thereto) by transfer

to an account in accordance with the rules and procedures of Euroclear France. Any Note so cancelled may not be resold and the obligations of the Issuer in respect of any such Note shall be discharged.

7. **Payments**

7.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Notes will be made in Euro, by transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a country within the TARGET System. Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer, the Fiscal Agent or the Paying Agents shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of Euro, or any currency conversion or rounding effect in connection with such payment being made in Euro.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the relevant Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, but without prejudice to the provisions of Condition 8 (*Taxation*).

7.2 **Payment on Business Days**

If any due date for payment of principal, interest or other amounts in respect of any Note is not a Business Day, then the holder of such Note shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums with respect to such postponed payment.

7.3 **Appointment of Agents**

The names of the initial Agents and their specified offices are set out below:

Fiscal Agent and Principal Paying Agent
BNP Paribas Securities Services
Les Grands Moulins de Pantin
9, rue du Débarcadère
93500 Pantin – France

The Issuer reserves the right at any time to vary or terminate the appointment of the Agents, and/or appoint additional or other Agents or approve any change in the office through which any such Agent acts, provided that the Issuer shall at all times maintain a Fiscal Agent and a Principal Paying Agent having a specified offices in a major European city (including Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange).

Any notice of a change in the Agents or their specified office shall be promptly given to Noteholders as specified in Condition 14 (*Notices*) below.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*).

8. **Taxation**

All payments of interest and other revenues (other than principal) by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or 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 applicable French law should require that payments of interest made by the Issuer in respect of any Note be subject to withholding or deduction 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 ("**Additional Amounts**") as shall result in receipt by the Noteholders 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 with respect to any Note, as the case may be (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes or duties by reason of his having some connection with the Republic of France other than the mere holding of the Note or (ii) where such withholding or deduction is required to be made pursuant to Council Directives 2003/48/EC and 2015/2060/EU.

8.1 **Supply of information**

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other Directive amending, supplementing or replacing such Directive (such as, in particular, Council Directive 2011/16/EU on administrative cooperation in the field of taxation, as amended by Council Directive 2014/107/EU) or implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

9. **No Event of Default**

There are no events of default under the Notes which would lead to an acceleration of the Notes if certain events occur.

Neither a cancellation of the Notes, a reduction, in part or in full, of the principal amount of the Notes or any accrued and unpaid interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholders to any remedies, which are hereby expressly waived. However, if any judgment were issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer were liquidated for any other reason, then the Notes would become immediately due and payable, as described in Condition 3 (*Status of the Notes*) above.

10. **Waiver of Set-Off**

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any holder of any Note but for this Condition.

11. **Substitution and Variation**

In the event that a MREL Disqualification Event, Tax Event or Variation Event occurs and is continuing, the Issuer may, at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes, subject to (i) the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority if required and (ii) having

given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Noteholders (which shall be irrevocable) in accordance with Condition 14 (*Notices*).

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

12. Representation of Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the "**Masse**").

In accordance with Article L.228-90 of the French *Code de commerce*, the *Masse* will be governed by the provisions of the *Code de commerce* applicable to the *Masse* (with the exception of the provisions of Articles L.228-48, L.228-59 and L.228-65 II and Articles R.228-63, R.228-67 and R.228-69), subject to the following provisions:

(a) **Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the "**Representative**") and in part through a general assembly of Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(b) **Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, the members of its *Conseil d'administration* (Board of Directors), its *Directeurs Généraux* (general managers), its statutory auditors, its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers, members of their board of directors, management board or supervisory board, their statutory auditors, and their ascendants, descendants and spouses;
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

DIIS GROUP
12 rue Vivienne
75002 Paris

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

The Representative will be entitled to a remuneration of €500 (VAT excluded) per year payable by the Issuer in arrear on each Interest Payment Date with the first payment on the Issue Date.

All interested parties will at all times have the right to obtain the names and the addresses of the Representative and the Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) ***Powers of the Representative***

The Representative shall, in the absence of any decision to the contrary of the general assembly of the Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) ***General Assemblies of Noteholders***

General assemblies of Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the aggregate principal amount of the Notes may address to the Issuer and the Representative a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 14 (*Notices*) below not less than fifteen (15) calendar days prior to the date of the general assembly.

Each Noteholder has the right to participate in meetings of the *Masse* in person, by proxy, by correspondence or if the *statuts* of the Issuer so specify, by visioconference or by any other means of telecommunication allowing the participation of the Noteholders. Each Note carries the right to one vote.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in general assemblies will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second business day in Paris preceding the date set for the meeting of the relevant general assembly.

(e) ***Powers of General Assemblies***

A general assembly is empowered to deliberate on the fixing of the remuneration, dismissal or replacement of the Representative and the Alternative Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Noteholders;

it being specified, however, that a general assembly may not increase the liabilities (*charges*) of the Noteholders nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares. Any amendment to the Conditions is subject to the prior approval of the Relevant Prudential Authority.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the aggregate principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-thirds (2/3) majority of votes cast by the Noteholders attending such meeting or represented thereat.

Decisions of the general assembly must be published in accordance with the provisions set out in Condition 14 (*Notices*) not more than ninety (90) calendar days from the date thereof.

(f) ***Information to the Noteholders***

Each Noteholder or representative thereof will have the right, during the fifteen (15) calendar day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(g) ***Expenses***

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

For the avoidance of doubt, in this Condition "outstanding" shall not include those Notes purchased by the Issuer pursuant to Article L. 213-0-1 of the French *Code monétaire et financier* (formerly Article L.213-1-A of the French *Code monétaire et financier*) that are held by it and not cancelled.

13. **Further Issues**

After having previously informed the Relevant Prudential Authority, the Issuer may from time to time without the consent of the Noteholders create and issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single *Masse* having legal personality.

14. **Notices**

Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared; except that so long as the Notes 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 of such regulated market so require, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

Any such notice 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.

15. **Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the due date for payment thereof.

16. **Governing Law and Jurisdiction**

16.1 **Governing law**

The Notes are governed by, and shall be construed in accordance with, French law.

16.2 **Jurisdiction**

Any claim against the Issuer in connection with any Notes may be brought before any competent court in Paris.

17. **Bail-in**

17.1 **Acknowledgement**

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its acquisition of the Notes, each Noteholder acknowledges, accepts, consents and agrees:

- (a) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the Amounts Due (as defined below) on a permanent basis;
 - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
 - (iii) the cancellation of the Notes;
 - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

For purposes of this Condition, the "**Amounts Due**" are the outstanding principal amount of the Notes and any accrued and unpaid interest on the Notes.

17.2 **Payment of Interest and other outstanding Amounts Due**

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of the MREL Group.

17.3 **Notice to Noteholders**

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes, the Issuer will make available a written notice to the Noteholders as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the

Fiscal Agent for informational purposes, although the Fiscal Agent shall not be required to send such notice to Noteholders. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the measures resulting from the exercise of a Bail-In Power by the Relevant Resolution Authority, nor the effects of such measures on the Notes as described above.

17.4 Duties of the Fiscal Agent

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority, (a) the Fiscal Agent shall not be required to take any directions from Noteholders, and (b) the Fiscal Agency Agreement shall impose no duties upon the Fiscal Agent whatsoever, in each case with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority.

17.5 Proration

If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless the Fiscal Agent is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Bail-in Power will be made on a *pro-rata* basis.

17.6 Conditions Exhaustive

The matters set forth in this Condition 17 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any Noteholder.

TAXATION

The following is a summary limited to certain tax considerations in France, in Luxembourg and in the United States relating to the payments made in respect of the Notes 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, in Luxembourg and in the United States as of the date of this Prospectus and as applied by the tax authorities, all of which are subject to changes or to different interpretation. 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 Notes. It is included herein solely for information purposes and is not intended to be, nor should it be construed to be, legal or tax advice. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes in light of its particular circumstances.

1. French Taxation

The following is a basic summary of certain French withholding tax considerations which may be relevant to the payments in respect of Notes made to a Noteholder who (i) is not a French resident for tax purposes, (ii) does not hold the Notes in connection with a permanent establishment or a fixed base in France and (iii) does not concurrently hold shares of the Issuer. This summary is based on the tax laws and regulations of France, as currently in force and applied by the French tax authorities, all of which are subject to change or to different interpretation. This summary is for general information and does not purport to address all French tax considerations that may be relevant to specific holders in light of their particular situation. Persons considering the purchase of Notes should consult their own tax advisers as to French tax considerations relating to the purchase, ownership and disposition of Notes in light of their particular situation. Investors who are in doubt as to their tax position should consult their professional tax advisers.

- (a) Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *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 *Code général des impôts*) (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a seventy-five per cent. (75 %) withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*. The 75% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperate States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French Code général des impôts, interest and other revenue on such Notes 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 to a bank account opened in a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest or other revenue may be re-characterised as constructive dividends pursuant to Articles 109 et seq. of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119-bis 2 of the same Code, at a rate of 30 per cent. or 75 per cent., subject to more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the seventy-five per cent. (75%) withholding tax provided by Article 125 A III of the *Code général des impôts*, the Deductibility Exclusion, nor the withholding tax set out in Article 119-bis 2 of the same Code that may be levied as a result of such non-deductibility, will apply in respect of the issue of the Notes if the Issuer can prove (i) that the principal purpose and effect of such issue of Notes 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 revenue relates to genuine transactions and is not in an abnormal or exaggerated amount. Pursuant to official guidelines issued by the French tax authorities under the references BOI-INT-DG-20-50-20140211, no. 990, BOI-RPPM-RCM-30-10-20-40-20140211, no. 70 and BOI-IR-DOMIC-10-20-20-60-20150320, no.10, an issue of notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of the notes if such notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State or territory 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 clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *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) Pursuant to Article 125 A and 125 D of the French *Code général des impôts* and subject to certain limited exceptions, interest and other revenues received under the Notes by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax. This withholding tax is an advance payment made in respect of the personal income tax of the individual receiving the interest or revenue, which is deductible from his personal income tax liability in respect of the year during which the withholding 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 at an aggregate rate of fifteen point five per cent. (15.5%) on interest and similar revenues paid by the Issuer under the Notes, to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

2. Luxembourg Taxation - Withholding Tax

(a) Non-resident holders of Notes

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 Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) Resident holders of Notes

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 Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

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 Notes 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 European Economic Area 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 Notes

Luxembourg resident corporate holders, or holders of the Notes who have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of the Notes 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 Notes 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 Notes 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 Notes

An individual holder of the Notes 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 Notes, redemption premiums or issue discounts under the Notes except if the 20% final withholding tax has been levied on such payments or if the individual holder of the Notes 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 Notes 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 Notes, unless the disposition of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon a redemption of the Notes, individual Luxembourg resident Noteholders 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 Notes by an individual holder of the Notes 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 Notes, unless if the holder of the Notes 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 Notes 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 Notes in connection with the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes, unless the documents relating to the Notes are voluntarily registered in Luxembourg.

Under Luxembourg tax law, where an individual holder of the Notes is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Notes are included in his or her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the Notes, 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, 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 Notes, such withholding would not apply prior to 1 January 2019, and Notes 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 notes (as described under "Terms and Conditions — Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes 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 Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subscription Agreement

Pursuant to a subscription agreement dated 29 May 2017 entered into between Crédit Agricole Corporate and Investment Bank (the "**Structuring Advisor and Global Coordinator**"), ABN AMRO Bank N.V., Banco Santander, S.A., Crédit Mutuel Arkéa and UniCredit Bank AG (together with the Global Coordinators, the "**Joint Lead Managers**") and the Issuer (the "**Subscription Agreement**"), the Joint Lead Managers have agreed with the Issuer, subject to satisfaction of certain conditions, to jointly and severally agree to procure subscription and payment for the Notes or, failing which, to subscribe and pay for the Notes at an issue price equal to 99.363 per cent. of their principal amount less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles, in certain circumstances, the Joint Lead Managers to terminate it prior to payment being made to the Issuer.

Selling Restrictions

United States

The Notes 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 U.S., and may not be offered or sold, directly or indirectly, within the United States, or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms used in this paragraph and not otherwise defined in the Prospectus have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each Joint Lead Manager has agreed that it has not offered or sold, and will not offer or sell, the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after completion of the distribution of the Notes (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside the United States to non-U.S. persons in offshore transactions in compliance with Regulation S and U.S. tax law.

In addition, until 40 calendar days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Selling Restrictions for the jurisdictions inside the European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus to the public in that Relevant Member State except that it may with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (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 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Manager; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Joint Lead Managers 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 Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) 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 Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each of the Joint Lead Managers has represented and agreed that (in connection with the initial distribution of the Notes only) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes 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 Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing 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*), other than individuals, acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

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

General

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor any of the Joint Lead Managers represents that Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any Joint Lead Manager shall have responsibility therefore.

GENERAL INFORMATION

- (1) This Prospectus has been approved by the CSSF, as competent authority in Luxembourg for the purposes of the Prospectus Directive.
- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the issue of the Notes.
- (3) The issue of the Notes has been authorised pursuant to the resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 3 March 2017.
- (4) The yield of the Notes is 1.346 per cent. per annum, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield of the Notes.
- (5) The total expenses related to the admission to trading of the Notes on the Regulated Market of the Luxembourg Stock Exchange are estimated to €4,800.
- (6) There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016.
- (7) Except as disclosed on pages 74 and 75 of the 2016 Annual Report which is incorporated by reference herein and on page 5 of the Prospectus, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.
- (8) Neither the Issuer nor any other member of the Group is or has 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 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
- (9) 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 the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.
- (10) The Notes have been accepted for clearance through Euroclear France (acting as central depository), Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) for the Notes is FR0013258936. The Common Code for the Notes is 162218166. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue JF Kennedy, L-1855 Luxembourg.
- (11) Mazars, 61, rue Henri-Regnault, 92400 Courbevoie France and Deloitte & Associés, 185 avenue Charles de Gaulle BP 136, 92524 Neuilly sur Seine Cedex, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale de Versailles*) have audited and rendered unqualified audit reports on:
 - (i) the consolidated financial statements of the Issuer for the year ended 31 December 2016; and
 - (ii) the consolidated financial statements of the Issuer for the year ended 31 December 2015.
- (12) This Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
- (13) So long as the Notes are outstanding, 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, at the specified office of the Paying Agent(s) and at the office of the Luxembourg Listing Agent located in Luxembourg:
 - (i) the *statuts* of the Issuer;
 - (ii) the 2015 Registration Document and the 2016 Annual Report;
 - (iii) the Agency Agreement;
 - (iv) a copy of this Prospectus; and
 - (v) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the relevant Issuer's request any part of which is included

or referred to in this Prospectus.

- (14) The Notes are expected to be rated BBB+ by S&P. The Issuer accepts no responsibility for the accuracy or reliability of the ratings. 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 by the assigning credit rating agency.

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