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Crédit Agricole S.A. and Santander sign a Memorandum of Understanding to join forces and create a major global player in custody and asset servicing

- **Crédit Agricole S.A. and Santander enter into a Memorandum of Understanding with a view to combining their custody and asset servicing operations**
- **Crédit Agricole S.A. and Santander would hold 69.5% and 30.5% respectively of the combined entity that will keep the name CACEIS**
- **Combination of Santander Securities Services ("S3") in Spain and Latin America (Brazil, Mexico and Colombia) with CACEIS**
- **S3 Latin American activities would be jointly controlled by the new CACEIS and Santander**
- **The combined entity would be among the major players worldwide and in Europe with EUR 3,343 bn in assets under custody and EUR 1,833 bn in assets under administration**

Crédit Agricole S.A. and Santander have signed a memorandum of understanding with a view to combining their custody and asset servicing operations. The new entity would combine CACEIS, the custody and asset servicing business of Crédit Agricole S.A., and the Spanish, Brazilian, Mexican and Colombian activities of S3, Santander's custody and asset servicing business.

The transaction would combine two strong custody and asset servicing players to form a truly global player with enhanced growth prospects.

The transaction would entail the contribution of 100% of S3 Spain and 49.99% of S3's operations in Latin America to CACEIS. As a result of this contribution, Crédit Agricole S.A. and Santander would hold 69.5% and 30.5% of CACEIS, respectively. The Latin American operations of S3 would be jointly controlled by CACEIS and Santander.

The combined CACEIS and S3 businesses would deliver scale and stronger competitive positioning as it benefits from enhanced geographical presence, the full coverage of the value chain and an expanded offering for both existing and new clients. The enlarged group would be better placed to capture growth in high potential markets (Latin America and Asia) and new opportunities. This enhanced growth potential combined with expected commercial and industrial synergies should result in long-term value creation for all stakeholders.

The enlarged group would continue to leverage on strong teams from both organisations with Jean-Francois Abadie, current CEO of CACEIS, as Chief Executive Officer of the new enlarged entity and Carlos Rodriguez de Robles, current General Manager for S3, leading the Spanish and Latin American activities.

The signature of the final agreements between Crédit Agricole S.A. and Santander requires prior consultation with the relevant works councils.

The completion of the contemplated transaction will be subject to customary closing conditions, including regulatory approvals, and is expected to take place by the end of 2019.

It is anticipated that the impact on both capital and on earnings per share will not be material, for both parties.

Ana Botín, Executive Chairman of Santander, said: *"We are delighted to enter into this partnership with Crédit Agricole. S3 and CACEIS are highly complementary businesses, and by working together we can create a custody and asset servicing platform that leverages our collective scale and global presence, and offers clients a comprehensive service that can support their ambitions and help them to prosper."*

Philippe Brassac, CEO of Crédit Agricole S.A. on the transaction: *"The contemplated combination of CACEIS and S3 is yet another illustration of Crédit Agricole's continued focus on delivering a strong industrial partnership model with a view to creating outstanding platforms across our key business lines. We are very proud to envisage this long-term collaboration with Santander in order to create a major player in custody and asset servicing with further growth prospects for the group."*

Jean-François Abadie, CACEIS CEO commented: *"We are delighted by the envisaged combination with the S3 teams with whom we share the same vision of the industry. CACEIS and S3 are highly complementary from a geographic, client and service offering perspective. With very similar cultural and industrial approaches, our two organisations, once united, would deliver significant value for all our stakeholders."*

Carlos Rodriguez de Robles, General Manager for S3, said: *"The new business will offer clients a comprehensive and strengthened value proposition, combining a deep industry expertise and ample product portfolio, with a profound knowledge and presence across our local markets. I am convinced the new entity will be a source of value creation for our shareholders and a great opportunity for the growth and development of our people."*

About CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering execution, clearing, forex, securities lending, depositary and custody, fund administration, fund distribution support, middle office outsourcing and issuer services. With assets under custody of €2.6 tn and assets under administration of €1.7 tn, CACEIS is a European leader in asset servicing and one of the major players worldwide (figures as of 31 December 2018).

www.caceis.com

About S3

Santander Securities Services ("S3") is the asset servicing bank of Grupo Santander. With local presence in Spain, Brazil, Mexico and Colombia, S3 is a leading player in these markets, with €710bn of assets under custody and €138bn of assets under administration (figures as of 31 December 2018).

www.santandersecuritiesservices.com

CRÉDIT AGRICOLE S.A. PRESS CONTACT

Charlotte de Chavagnac : + 33 1 57 72 11 17 - charlotte.dechavagnac@credit-agricole-sa.fr

SANTANDER PRESS CONTACT

Michael Strachan: + 44 7718 110350 - michael.strachan@gruposantander.com

CACEIS PRESS CONTACT

Eric Derobert: +33 1 57 78 05 96- + 33 6 83 78 65 59 - eric.derobert@caceis.com