

Date of the report: 1 July 2014

Current Report No.: 26/2014

Subject: Closing the acquisition by Bank Zachodni WBK S.A. of the shares in Santander Consumer Bank S.A. – acquisition of material assets

In reference to current report No. 41/2013 dated 27 November 2013 regarding the execution by Bank Zachodni WBK S.A. (the “**Bank**”), Santander Consumer Finance S.A. (“**SCF**”) and Banco Santander S.A. (“**Santander**”) of the investment agreement (the “**Agreement**”), pursuant to which the Bank agreed to acquire 3,120,000 shares (i.e. 1,040,001 preferred shares and 2,079,999 ordinary shares) with a nominal value of PLN 100 each in Santander Consumer Bank S.A. with its registered office in Wrocław (“**SCB**”), constituting 60% of the share capital of SCB and authorising the exercise of 67% of the votes at the general meeting of SCB (the “**SCB Shares**”) (the “**Transaction**”), the Bank hereby informs that, in connection with the satisfaction of the last of the conditions precedent to the Transaction as provided for in the Agreement regarding the delivery to the Bank by SCF on 1 July 2014 of a leakage disclosure letter indicating the leakages that occurred in SCB and SCB’s capital group in the period between 30 September 2013 and the completion of the Transaction, the Transaction was closed on 1 July 2014 (the “**Transaction Closing Date**”). The SCB Shares were acquired by the Bank on the basis of an agreement for the subscription of the shares by way of a private placement and the making of an in-kind contribution executed between the Bank and SCF on the Transaction Closing Date (the “**Purchase Agreement**”).

Pursuant to the Agreement, no later than three months following the Transaction Closing Date, the parties shall use their best endeavours to waive the current privileges with respect to the shares in SCB to cause the Bank to hold 60% of the shares in the share capital of SCB which represent 60% of the votes at its general meeting.

On the terms set out in the Agreement and in the Purchase Agreement, the Bank agreed to issue 5,383,902 (five million, three hundred and eighty-three thousand, nine hundred and two) ordinary bearer series L shares in the Bank with a nominal value of PLN 10 (ten) each after the registration by a relevant court of the changes in the share capital of the Bank related to the issuance of the series K shares and the series L shares will constitute 5.42% of the share capital of the Bank and authorising the exercise of 5.42% of the votes at the general meeting of the Bank (the “**New Shares**”) which will be offered to and subscribed for solely by SCF as consideration for an in-kind contribution constituting the SCB Shares. The value of the SCB shares as indicated in the Agreement is PLN 2,156,414,268.06 (two billion, one hundred and fifty-six million, four hundred and fourteen thousand, two hundred and sixty-eight and 6/100). The issuance of the New Shares by way of a private placement is addressed exclusively to SCF for the purpose of financing the acquisition of the SCB Shares by the Bank. Net assets of SCB will be recognized in the consolidated financial statements of the Bank’s capital group at book value.

The acquisition of the SCB Shares is a long-term investment of the Bank which will strengthen the position of the Bank as the third largest bank in Poland and the provider of high-quality solutions for diverse segments of the banking market in Poland.

The transaction was executed to satisfy the obligation assumed by Santander towards the PFSA (in accordance with the information delivered by the Bank in the Bank’s current report

No. 38/2012 dated 4 December 2012), pursuant to which Santander agreed to exercise its efforts to procure that SCB becomes a direct subsidiary of the Bank.

As at the Transaction Closing Date Santander is the parent entity of the Bank with a direct holding of 70% of the Bank's share capital authorising it to exercise 70% of the votes at the general meeting of the Bank. After the registration by a relevant court of the issuance of the New Shares and the issuance of the series K shares and the depositing of the New Shares on the securities account of SCF, Santander will hold in aggregate 71.41% of the share capital of the Bank authorising it to exercise 71.41% of the votes at the general meeting of the Bank, where 65,99% of the share capital of the Bank and the corresponding number of votes at the general meeting of the Bank will be held directly and 5.42% will be held indirectly through SCF.

Santander holds directly 63.19% and indirectly 36.81% of the shares in the share capital of SCF which authorise it to exercise, directly or indirectly, 100% of the votes at the general meeting of SCF, and it is the parent entity of SCF.

Except for those mentioned above, there are no relations between the Bank and the persons who manage or supervise the Bank and SCF.

The SCB Shares are an asset of significant value within the meaning of §2, section 1.45a) of the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information to be published by issuers of securities and the conditions for recognising as equivalent information the disclosure of which is required under the laws of a non-member state, since the value of the SCB Shares is greater than 10% of the Bank's equity.

Legal basis:

Article 56, section 1.2 of the Act on Public Offering, conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (amended and restated: Journal of Laws of 2009, No. 185, item 1439, as amended) in connection with §5, section 1.1) and §7 of the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information to be published by issuers of securities and the conditions for recognising as equivalent information the disclosure of which is required under the laws of a non-member state.