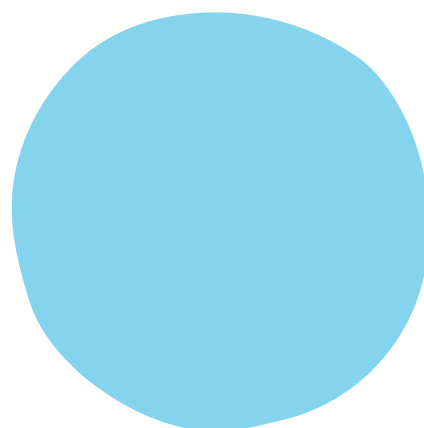


TSB Group.



Tax Strategy 2025.

Year Ended 31 December 2025.



Introductory statement

The Tax Strategy for the TSB Group ('the Group') sets out its objectives and approach with respect to managing its UK tax affairs. It applies in respect of all direct, indirect and other relevant taxes and their associated reporting obligations.

For the purposes of the Tax Strategy, the Group incorporates the wholly owned UK tax resident entities within the wider Banco Sabadell group. The Group's approach to tax is aligned with that of the wider Banco Sabadell group.

The Tax Strategy is aligned to the Group's business objectives and overall risk appetite as defined by the respective Boards of the entities that form the Group. The strategy, and associated internal policies and procedures, define the relevant responsibilities and accountabilities within the organisation in relation to tax matters.

Primary tax objectives

The Group has a conservative approach to tax matters, seeking to avoid material tax risks, and is committed to ensuring that it is fully compliant with all of its tax obligations to HMRC and to other relevant authorities. In dealing with its tax affairs, the Group manages tax risks and costs within a transparent tax risk management framework. To achieve this, it has the following primary tax objectives:

1. to operate within acceptable risk levels consistent with risk appetite. Risk assessments take a long term view of costs and risks, including the risk of litigation, the impact on relationships with government and tax authorities, and the impact on the Group's reputation; and
2. to inform the Group's broad range of stakeholders about its tax position in a clear and transparent manner. Importantly the Group is open and transparent in its dealings with all tax authorities, including HMRC, and does not adopt interpretations of the law that are contrary to its intention.

In achieving these objectives, the Group seeks to deliver the following outcomes:

- meet all statutory and regulatory requirements and obligations for all relevant taxes, including payment thereof;
- ensure that appropriate accounting records and adequate controls are in place to support the above tax compliance requirement;
- consider tax planning only where there are sound commercial principles and reasoning arising from the Group's business activities and not enter into 'contrived' or opaque structures where the main benefit/advantage is that of the avoidance or evasion of tax;
- promote and maintain proper and professional dealings with HMRC and other required tax authorities, including regular open and honest communications.

Approach to tax risk management and governance

The Group aims to manage risk in such a way that it keeps the Group compliant with relevant tax legislation, supports sustainable business growth and minimises costs within risk appetite. The respective Boards are ultimately responsible for the tax affairs of the relevant entities that form the Group and therefore set the policy requirements that define how the Group should manage its tax affairs. The Group's internal policies and procedures define how key tax risks are identified and monitored and the processes and controls deployed to mitigate them.

The Group's tax policies and procedures are part of the Group's wider policy framework which is a key component of its overall risk management framework. This seeks to ensure that the Group adheres to regulatory requirements, understands risks in its processes, and has established controls to manage those risks appropriately and in line with risk appetite. Policy ownership ultimately rests with the Board. Tax policies and procedures are managed by the Head of Tax and are owned by the Chief Financial Officer ('CFO').

The Head of Tax reports through to the CFO, a member of the Group's executive management, allocating appropriate Board accountability and responsibility for oversight of all tax matters. Any breach of policy would be reported to the CFO. Tax risks are reported to the Board in line with clearly defined qualitative and quantitative criteria.

There are also agreed roles and responsibilities between the Head of Tax and other areas of the Group who are responsible for, or are involved in, the material tax policies and procedures of the Group.

Level of tax risk tolerated and attitude towards tax planning

The Group has a conservative approach to tax matters, seeking to avoid material tax risks, and does not participate in 'aggressive' tax planning involving structures specifically designed to reduce tax liabilities. The management of the Group's tax position and its resulting tax costs will be balanced with, and should not compromise, its reputation. In particular:

- The Group will seek to ensure compliance with all statutory and regulatory obligations, always being cognisant of current tax legislation (both UK and other);
- A tax assessment is part of the decision making process applied to all commercial and business transactions within the Group and the wider Banco Sabadell group (and so including any relevant intra-group "arm's length" requirements);
- The Group will act in accordance with (1) HMRC's Banking Code of Practice ('BCoP'), and (2) the Senior Accounting Officer ('SAO') legislation; and
- The Group will not do anything that it is believed would cause reputational damage.

Tax planning is only considered where it will support sound commercial and economic aspects of the Group's transactions and underlying business activities. The Group does not enter into nor facilitate transactions where the sole or main purpose is to minimise or reduce tax costs, or which require an interpretation of tax law that is, in the Group's view, contrary to its intention.

The Group's tax affairs are managed by an 'in-house' tax function which is staffed by appropriately qualified and experienced tax professionals. It is recognised that tax is a complex area and therefore the Group, on occasion, seeks external views from advisors, in order to ensure and confirm that business decisions relating to complex transactions are based on sound technical interpretations of, and in compliance with, the relevant tax legislation.

Approach to dealings with HMRC

The Group will maintain an open and transparent relationship with HMRC and other relevant tax authorities. For major transactions or for transactions where the BCoP position (or other legislative positions) is unclear, the Group will engage proactively and in a timely manner with HMRC to seek clearance or to ensure certainty for the Group to protect both its reputation and mitigate the risk of HMRC sanction.

The Group will continue to meet with HMRC formally on a regular basis to highlight and discuss new tax legislation developments and current tax or tax reporting issues, on which HMRC is required to assess or agree the appropriate tax treatment.

TSB Group regards this publication as compliant with the Group's duty under Section 19(2) Schedule 19 FA 2016 to publish a tax strategy.

TSB Group's Tax Strategy approved and effective from 22 October 2025.

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