TSB BANK PLC

Explanatory Statement setting out the terms of the proposed scheme for the transfer of the banking business of TSB Bank plc to Santander UK plc

1. OVERVIEW

1.1 On 30 April 2026, Santander UK plc ("**Santander**") acquired the entire issued share capital of TSB Banking Group plc, the then parent company of TSB Bank plc ("**TSB**"). Following an intra-group re-organisation, Santander subsequently acquired the share capital of TSB on 25 June 2026. As at that date, TSB became a direct wholly owned subsidiary of Santander.

1.2 TSB proposes to transfer its banking business, subject to some limited exceptions, as described in paragraph 4, to Santander (the "**Transfer**") by way of a banking business transfer scheme (the "**Scheme**") under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**").

1.3 The terms of the Transfer are set out in full in the banking business transfer scheme document (the "**Scheme Document**") which has been submitted to the High Court of England and Wales (the "**Court**") for approval under section 111 of FSMA.

1.4 This Explanatory Statement summarises the terms of the Scheme. It should not be relied on in place of reading the Scheme Document itself. Further information about the Scheme and other key documents relating to the Scheme can be obtained from tsb.co.uk/santander-update, or by contacting TSB using the telephone number or postal address set out at the end of this Explanatory Statement. Additionally, copies of this Explanatory Statement, the Scheme Document, the Customer Booklet and the Inform Mailing are available to collect from Henry Duncan House, 120 George Street, Edinburgh EH2 4LH, until 15 February 2027.

2. THE COURT PROCESS

2.1 The Scheme needs Court approval at a hearing (the "**Sanction Hearing**") before it can take effect. It is expected that the Sanction Hearing will take place on 15 February 2027. If that date changes, TSB will give notice at tsb.co.uk/santander-update. TSB and Santander began the formal process by making an application to the Court dated 30 October 2026 (the "**Application**"). At the Sanction Hearing, the Court will consider and, if thought fit, sanction the Scheme.

2.2 Both TSB and Santander are authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by both the PRA and the Financial Conduct Authority ("**FCA**"). Each regulator has the right to appear and be heard at the Sanction Hearing. Both TSB and Santander have maintained close dialogue with the PRA and FCA throughout the Scheme process.

2.3 Before the Sanction Hearing can take place, the following steps need to be completed:

(a) certain notices announcing the Application must be published in the London, Edinburgh and Belfast Gazettes and in The Times, The Telegraph and the Edinburgh Evening News. These notices have been approved by the PRA;

(b) copies of the Application and this Explanatory Statement must be provided to the PRA and the FCA;

(c) Santander must obtain from the PRA a certificate confirming that it holds adequate financial resources;

(d) Santander must satisfy the Court that it has all necessary regulatory authorisations to carry on the business being transferred (which it has); and

(e) a copy of this Explanatory Statement must be made available free of charge to anyone who requests it.

2.4 Anyone (including customers and employees of TSB and Santander) who thinks that they will be negatively affected by the Scheme has the right to make representations setting out their objections to the Court or to be heard in person. Anyone who plans to attend the Sanction Hearing, send a representative, or submit written representations to the Court setting out objections to the Scheme, is asked (though not required) to let TSB and Santander know as soon as possible and, if possible, before 5 February 2027, using the contact details at the end of this statement.

2.5 This gives TSB and Santander the best chance to address any objections before the Sanction Hearing. TSB and Santander will pass anonymised information on objections they receive to the PRA and the FCA, whether or not the person who sent them plans to attend. TSB will also share a summary of all objections it receives with the Court.

3. THE EFFECTIVE DATE

3.1 If the Court approves the Scheme, it is currently expected to take effect at 00:00:01 on 22 March 2027 or such later date as agreed between TSB and Santander and approved by the Court (the "**Effective Date**").

3.2 Substantially all of TSB's business (the "**Business**", as described in paragraph 4 below) will transfer automatically to Santander on the Effective Date. In limited cases where certain assets or liabilities cannot transfer on that date, they will transfer later on a "**Subsequent Transfer Date**". No further action is needed from either TSB or Santander to make this happen.

4. THE TRANSFERRING BUSINESS

4.1 The business being transferred to Santander under the Scheme is referred to in this document, and in the Scheme Document, as the "**Business**". It covers TSB's entire business, including current accounts, savings products and lending products such as mortgages, personal loans, overdrafts and credit cards, together with legacy products, branches, IT systems and supporting assets. Substantially all of TSB's assets and liabilities will transfer to Santander on the Effective Date (or, where applicable, a Subsequent Transfer Date, as described in paragraph 3.2 above), other than employees, who will transfer automatically outside the Scheme under employment legislation, and certain other limited exceptions set out in the Scheme Document.

4.2 The Business includes, in particular:

(a) all current account, savings, mortgage, personal loan, credit card and overdraft agreements between TSB and its customers, together with all other Customer Agreements (as defined in the Scheme Document);

(b) Business Contracts (as defined in the Scheme Document) relating to TSB's banking business;

(c) TSB debt securities (including its securitisations and covered bond programme), derivatives and securities finance transactions;

(d) Customer Data (as defined in the Scheme Document); and

(e) TSB's branches, business equipment, intellectual property and other assets and infrastructure used in connection with the banking business.

5. CONSEQUENCES OF THE TRANSFER

5.1 Once the Court approves the Scheme, the following consequences will take effect. Throughout this section, the "**Relevant Date**" means the Effective Date (or, for any items that transfer on a Subsequent Transfer Date, that later date instead).

(a) **Contracts**: from the Relevant Date, TSB's contractual rights and obligations relating to the Business will automatically pass to Santander, without any action being required from any party. The Scheme does not change the terms of any existing agreement (except for the removal of SEPA Direct Debit services, as described in paragraph (f) below) – Santander simply steps into TSB's shoes as the contracting party. The Transfer will not bring any contract to an end, allow any counterparty to walk away or renegotiate, or give any greater rights or benefits or impose any greater or lesser obligations on any party to a contract.

(b) **Applications and offers**: any application made to TSB before the Relevant Date (whether or not accepted), and any offer or invitation TSB made to a person before the Relevant Date, will from the Relevant Date take effect as if it had been made to, or by, Santander.

(c) **Customer accounts and obligations**: from the Relevant Date, customers' TSB accounts or agreements will automatically become accounts or agreements with Santander, on the same terms and conditions (except for the removal of SEPA Direct Debit services, as described in paragraph (f) below). Customers will have the same rights against Santander as they had against TSB. Any loan facility or credit arrangement customers have with TSB will also transfer to Santander on the Relevant Date. Santander will have the same rights and remedies as TSB, and any amounts that customers owed to TSB immediately before that date will instead be owed to Santander.

(d) **Standard variable rates and exchange rates**: references in any TSB customer agreement to TSB's standard variable mortgage rates, including the 'Homeowner Variable Rate', the 'Buy-To-Let Variable Rate', the 'Standard Variable Mortgage Rate', the 'Whistletree Loyalty Rate', the 'Whistletree Standard Variable Rate' and the 'C&G Guardian Variable Rate', as well as references to 'our standard rate', 'the standard variable rate' or 'the TSB variable rate' (together, the "**Transferring SVRs**"), will from the Relevant Date continue to refer to those same rates as published and set by Santander from time to time, and not to any equivalent or similar standard variable rate applied by Santander to its own existing mortgage customers. Similarly,

references in any TSB customer agreement to 'our standard exchange rate' or 'TSB's standard exchange rate' will from the Relevant Date be construed as references to the TSB standard exchange rate as published and set by Santander.

(e) **Instructions and mandates**: any direct debit instruction, standing order, power of attorney, authority or other mandate given to or by TSB in connection with the Business (whether in writing or not, and whether or not in relation to an account) will, from the Relevant Date, take effect as if it had been given to or, as the case may be, by Santander.

(f) **SEPA Direct Debit:** references in any TSB customer agreements to the 'SEPA Direct Debit' service (or similar references) will, from the Effective Date, be deleted.

Protecting customers, guarantors and contract counterparties with relationships with both banks

5.2 Some customers will, after the Transfer, have accounts with Santander both as former TSB customers and in their own right. Similarly, some guarantors have guarantor agreements with both TSB and Santander, and after the Transfer their obligations under those guarantor agreements will be owed to Santander. Some contract counterparties will have contracts covering the same services which they provide to, or receive from, both TSB and Santander. To ensure those customers, guarantors and contract counterparties are not put in a worse position as a result of the Scheme, Santander's ability to exercise certain contractual rights in a way that crosses between the two businesses is restricted. These restrictions are explained below.

(a) **Set off rights**: 'set off' allows a bank to use money in a person's deposit account to pay off a debt the same person owes to that bank. For a period of 12 months following the Relevant Date (or 12 months following the expiry of a fixed term or promotional period, if applicable), Santander may not exercise set off rights arising under a transferred TSB agreement to settle any liability owed to Santander under one of Santander's own existing agreements, and vice versa.

(b) **All monies rights**: 'all monies rights' allow a lender to use security provided for one debt to secure other debts. From the Relevant Date, Santander may not apply all monies rights under an existing Santander agreement to secure liabilities transferred from TSB, and vice versa.

(c) **Consolidation rights**: 'consolidation rights' allow a lender to hold onto security until all amounts owed to it are repaid. From the Relevant Date, Santander may not exercise consolidation rights to prevent the release of security under an existing Santander agreement by reference to liabilities transferred from TSB, and vice versa.

(d) **Cross-default clauses**: a 'cross-default clause' means that a breach of one agreement is also treated as a breach of other agreements with the same lender. From the Relevant Date, a breach of a transferred TSB agreement will not constitute a breach of any existing Santander agreement, and vice versa.

(e) **Guarantees and indemnities**: Santander will not be able to use any guarantee or indemnity that it holds under an existing Santander agreement to secure obligations transferred from TSB, and vice versa.

(f) **Contract pricing arrangements**: where both TSB and Santander have separate contracts with the same contract counterparties for the same services, the pricing and volume terms of each contract will continue to apply separately to each business (the Business or Santander's own existing business, as applicable). The Transfer will not trigger any volume discount or similar pricing provisions.

(g) **Entire agreement clauses**: 'entire agreement clauses' can provide that the terms of one agreement apply across all accounts or services of a particular type with the same bank. From the Relevant Date, any such clause in a transferred TSB agreement will apply only to products forming part of the Business and will not override any existing Santander agreement. The same applies in reverse.

(h) **Exclusivity and volume arrangements**: where a contract commits TSB or Santander to deal exclusively with a contract counterparty, or to minimum purchase volumes or take-or-pay obligations, those provisions will from the Relevant Date apply only to the relevant business (the Business or Santander's own existing business, as applicable) and will not extend to the wider Santander group.

(i) **Maximum lending/deposits**: where a TSB product contains a contractual provision setting a cap or maximum amount of either deposits or borrowing across TSB products, that cap will be deleted.

(j) **Application of default charges:** certain TSB customer agreements allow TSB to deduct losses or costs arising from a customer's breach of the agreement from that customer's TSB current account. From the Relevant Date, Santander will not deduct any losses or costs arising from a customer's breach of a TSB agreement from an existing Santander current account.

(k) **Appropriation of payments:** where a TSB customer agreement allows TSB to apportion repayments across one or more credit agreements at TSB's discretion, Santander may only continue to do that across TSB agreements which are in the Business and not against any Santander agreements held by the same customer.

(l) **References to TSB branches:** any reference to TSB's branches shall continue to be only to TSB branches following the transfer until the customer is told otherwise. This means that customers will not be able to use Santander branches immediately after the transfer to access their TSB accounts. Santander will write to customers when this enhanced capability becomes available.

(m) **Other rights**: more broadly, Santander will not use any other right or power arising as a result of the Scheme: (i) to reduce or discharge a customer's or guarantor's liability under a transferred TSB agreement by reference to an existing Santander agreement; or (ii) to restrict how a customer may deal with a credit or deposit balance under a transferred TSB agreement by reference to an existing Santander agreement, and vice versa.

(n) **Existing rights unaffected**: these restrictions only apply to rights that arise as a direct result of the Scheme. They do not affect any rights that Santander, a customer or a guarantor may already have, or may acquire, by other means – for example, rights arising from changes to any agreement made on or after the Relevant Date. However, Santander will not unilaterally vary customer agreements in a way that is inconsistent with the commitments described in (a) to (e), (g), (j), (k) and (m) above.

6. FINANCIAL SERVICES COMPENSATION SCHEME COVER

6.1 Both TSB and Santander customers are covered by the UK Financial Services Compensation Scheme (the "**FSCS**"). The FSCS steps in to compensate eligible depositors if their bank fails. It currently covers eligible deposits up to £120,000 per individual at each authorised bank.

6.2 The protection limit applies to each individual, not to each account. If a customer holds a joint account, their share of that account's balance counts towards their personal £120,000 limit.

6.3 At the moment, if a customer has accounts with both TSB and Santander, their deposits with TSB and their deposits with Santander are each protected up to £120,000 separately. Once the Scheme takes effect, those deposits will be combined for FSCS purposes. If their total deposits exceed £120,000 before or on the Relevant Date, they will be entitled to withdraw or move the excess to another authorised institution from 16 February 2027 to 31 May 2027 (subject to any legal restrictions) without any penalty, fee, notice or charge (including loss of accrued interest and other benefits). The maximum amount they will be permitted to withdraw or transfer is the amount by which their total deposits exceed the FSCS limit as calculated on the Relevant Date or, in respect of a withdrawal or transfer that is made between 16 February 2027 and the Relevant Date for these purposes, as calculated immediately before such withdrawal or transfer.

6.4 If their account would ordinarily have restrictions on withdrawals (for example, a fixed rate savings account or cash ISA), they will be able to make withdrawals or transfers or close their account without any penalty, fee, notice or charge (including loss of accrued interest and other benefits) in accordance with paragraph 6.3 above. If they have an instant access account, they can withdraw funds at any time as normal.

7. DATA PROTECTION

7.1 Personal data held by TSB in connection with the Business will transfer to Santander as part of the Transfer. From the Relevant Date, Santander will become the data controller for that data and will have the same obligations as TSB under data protection law to keep it confidential and handle it appropriately.

8. MARKETING PREFERENCES

8.1 From the Relevant Date, Santander will have the benefit of any Marketing Consents provided to TSB.

8.2 Where a customer is an existing customer of both TSB and Santander and has given different Marketing Preferences to each of them, until migration, Marketing Preferences given to TSB will continue to be applied in relation to the transferred business and Marketing Preferences given to Santander will continue to be applied to Santander's existing business. From

migration, Santander will not send any direct marketing to a customer through a channel where the customer has previously opted-out of direct marketing to either TSB or Santander, even if the customer has consented to such marketing from the other.

9. SUBJECT ACCESS REQUESTS

9.1 If a customer has submitted a subject access request to TSB before the Transfer and TSB had not responded by the time the Transfer takes effect, Santander will handle the request and provide copies of the customer data held by TSB immediately before the Transfer.

10. CONTINUITY OF PROCEEDINGS

10.1 Any legal proceedings, claims or complaints (including to the Financial Ombudsman Service) relating to the Business, whether ongoing, threatened or yet to be brought, will from the Relevant Date be handled by or be against Santander rather than TSB. Santander steps into TSB's position for this purpose: it can rely on the same defences, claims, counterclaims and rights of set off that would have been available to TSB, and any counterparty retains all the same defences, claims, counterclaims and rights of set off against Santander as they would have had against TSB.

11. AMENDMENTS TO THE SCHEME

11.1 After the Court has approved the Scheme, any material change to the Scheme must be made by a further Court application. The PRA and FCA are each entitled to be notified of, and heard at, any such hearing, with at least 21 days' prior notice.

11.2 Minor or technical amendments, and corrections of obvious errors, can be made without a further Court hearing, provided both the PRA and FCA are notified and neither raises an objection within 30 days of acknowledging receipt.

12. COSTS

12.1 The costs of implementing the Scheme will be borne by TSB and Santander. There will be no cost to customers.

13. GOVERNING LAW

13.1 The Scheme is governed by English law.

14. FURTHER INFORMATION

14.1 This Explanatory Statement and the Scheme Document contain important information about the proposed Transfer. Copies of the Scheme Document and other relevant documents are available at tsb.co.uk/santander-update and can be obtained free of charge on request using the contact details below.

14.2 If you have questions about the Transfer, would like to request copies of documents, or would like to register an objection or notify us of your intention to attend the Court hearing, please get in touch:

- By visiting tsb.co.uk/santander-update.

- By phone: 0345 835 7841 (or +44 203 284 1575 if calling from outside the UK). Lines will be open from 9am to 5pm (UK time), Monday to Friday (excluding bank holidays).
- By post: TSB Objections Team, Ingenuity House, Bickenhill Lane, Elmdon Trading Estate, Birmingham, B37 7HQ.
- By visiting any TSB branch for support with the online form.

14.3 If you are unsure about anything in this Explanatory Statement or the Scheme Document, you may want to seek independent advice from a solicitor or other professional adviser.

14.4 Copies of this Explanatory Statement are available in Braille, large print or audio on request.