



Offer Unconditional as to Acceptances

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For immediate release

8 May 2015

RECOMMENDED CASH OFFER

for

TSB BANKING GROUP PLC

by

BANCO DE SABADELL, S.A.

Offer unconditional as to acceptances

On 20 March 2015, the boards of Banco de Sabadell, S.A. (**Sabadell**) and TSB Banking Group plc (**TSB**) announced that they had reached agreement on the terms of a recommended cash offer to be made by Sabadell for the entire issued and to be issued share capital of TSB (the **Offer**). The full terms and conditions and the procedures for acceptance of the Offer are set out in the offer document which was published and sent to TSB Shareholders by Sabadell on 17 April 2015 (the **Offer Document**).

Sabadell is pleased to announce that the Offer has become unconditional as to acceptances. Further details are set out below.

Level of acceptances

As at 1.00 p.m. (London time) on 8 May 2015, being the First Closing Date of the Offer, Sabadell had received valid acceptances (including acceptances pursuant to the undertakings set out below) of the Offer in respect of 356,167,981 TSB Shares, representing approximately 71.23 per cent. of the existing issued share capital of TSB.

In addition on 24 March 2015 Sabadell acquired 49,999,999 TSB Shares, representing approximately 9.99 per cent. of the existing issued share capital of TSB, from Lloyds Bank plc (**Lloyds**) which Sabadell may also count towards the satisfaction of the Acceptance Condition to the Offer.

Therefore, as at the First Closing Date of the Offer, Sabadell owned or had received valid acceptances (including acceptances pursuant to the undertakings set out below) of the Offer in respect of 406,167,980 TSB Shares, representing approximately 81.23 per cent. of the existing issued share capital of TSB, which Sabadell may count towards the satisfaction of the Acceptance Condition of the Offer.

As a result, Sabadell is pleased to announce that the Acceptance Condition has now been satisfied and the Offer has become unconditional as to acceptances.

Before the announcement of the Offer on 20 March 2015, Sabadell had received irrevocable undertakings to accept (or procure acceptance of) the Offer from each of the TSB Directors who hold TSB Shares in respect of their own shareholdings, being, in aggregate, 47,901 TSB Shares, representing approximately 0.01 per cent. of the issued ordinary share capital of TSB as at 19 March 2015 (being the latest practicable date before the 2.7 Announcement). In addition, and before the announcement of the Offer on 20 March 2015, Sabadell had also received an irrevocable undertaking to accept the Offer over Lloyds's entire remaining holding of 200,000,003 TSB Shares, representing 40.01 per cent. of the existing issued share capital of TSB.

As at the First Closing Date, Sabadell had received valid acceptances pursuant to these undertakings in respect of 200,047,904 TSB Shares in issue, representing approximately 40.01 per cent. of TSB's issued ordinary share capital, and such acceptances are included in the total number of valid acceptances referred to above.

The percentages of TSB Shares referred to in this announcement are based upon a figure of 500,000,000 in issue.

Extension of Offer

The Offer, which remains subject to the other terms and conditions set out in the Offer Document, will remain open for acceptances until further notice. At least 14 days' notice will be given before the closing of the Offer to those TSB Shareholders who have not at the date of that notice accepted the Offer.

TSB Shareholders who have not yet accepted the Offer are urged to do so as soon as possible:

- If you are a holder of TSB Shares in certificated form (that is, not in CREST), you should complete and return the Form of Acceptance, which accompanied the Offer Document.
- If you are a holder of TSB shares in uncertificated form (in CREST), you should ensure that an Electronic Acceptance is made by you or on your behalf and that settlement occurs. If you are a CREST-sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction(s) to Euroclear.

The Offer Document and a specimen Form of Acceptance are available on Sabadell's website at www.sabadelltsbinfo.com and on TSB's website at www.tsb.co.uk/investors/sabadell-offer-information. Further copies of the Offer Document and the Form of Acceptance may be obtained by contacting the Receiving Agent, Equiniti Limited, on 0871 384 2965 from within the UK or on +44 (0)121 415 0184 if calling from outside the UK. Lines are open 8.30 am to 5.30 pm (London time) Monday to Friday.

Unless otherwise stated, terms used in this announcement have the same meanings as given to them in the Offer Document.

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Further information

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Sabadell and no one else in connection with the Offer and will not be responsible to anyone other than Sabadell for providing the protections afforded to its clients or for providing advice in relation to the Offer.

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise. The Offer is made solely by means of the Offer Document and the Form of Acceptance accompanying the Offer Document, which contains the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any response to the Offer should be made only on the basis of information contained in the Offer Document. TSB Shareholders are advised to read the formal documentation in relation to the Offer carefully.

This announcement has been prepared for the purposes of complying with English law, the rules of the London Stock Exchange and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

Overseas jurisdictions

The distribution of this announcement in jurisdictions other than the United Kingdom or the United States and the ability of TSB Shareholders who are not resident in the United Kingdom or the United States to participate in the Offer may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or the United States or TSB Shareholders who are not resident in the United Kingdom or the United States will need to inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to overseas shareholders are contained in the Offer Document.

The Offer is not being, and will not be, made available, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality of interstate or foreign commerce of, or any facility of a national state or other securities exchange of any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction and persons receiving this announcement (including, without limitation, agents, nominees, custodians and trustees) must not distribute, send or mail it in, into or from such jurisdiction. Any person (including, without limitation, any agent, nominee, custodian or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this announcement and/or the Offer Document and/or any other related document to a jurisdiction outside the United Kingdom or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction and must not mail, send or forward or distribute them in, into or from any Restricted Jurisdiction.

Notice to US holders of TSB Shares

The Offer is being made in the United States pursuant to Section 14(e) of, and Regulation 14E under the Exchange Act, subject to the exemptions provided by Rule 14d-1(c) and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The Offer is being made for the securities of a UK company with a listing on the London Stock Exchange. The Offer is subject to UK disclosure requirements, which are different from certain United States disclosure requirements. The financial information on TSB included in the Offer Document has been prepared in accordance with IFRS and the financial information on Sabadell included in the

Offer Document pursuant to the Offer with IFRS, thus neither may be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Offer by a US holder of TSB Shares may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each TSB Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of accepting the Offer. Furthermore, the payment and settlement procedure with respect to the Offer will comply with the relevant United Kingdom rules, which differ from the United States payment and settlement procedures, particularly with regard to the date of payment of consideration.

The Offer will be made (including in the United States) by Sabadell and no one else. Neither Goldman Sachs International nor Citigroup nor Rothschild nor RBC Capital Markets, nor any of their respective affiliates, will be making the Offer in or outside the United States.

It may be difficult for US holders of TSB Shares to enforce their rights and any claim arising out of US federal securities laws, since Sabadell is incorporated under the laws of Spain and TSB is incorporated under the laws of England and Wales and some or all of their officers and directors are residents of non-US jurisdictions. In addition, most of the assets of Sabadell and TSB are located outside the United States. US holders of TSB Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

This announcement does not constitute an offer of securities for sale in the United States. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States or any other country in which such offer may not be made other than: (i) in accordance with the tender offer requirements under the Exchange Act, or the securities laws of such other country, as the case may be, or: (ii) pursuant to an available exemption from such requirements.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved the Offer, or passed comment upon the adequacy or completeness of this announcement or the Offer Document. Any representation to the contrary is a criminal offence in the United States.

To the extent permitted by applicable law, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Sabadell or its nominees or brokers (acting as agents) or their respective affiliates may from time to time make certain purchases of, or arrangements to purchase, shares or other securities in TSB, other than pursuant to the Offer, at any time prior to completion of the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases, or arrangements to purchase, will comply with all applicable UK rules, including the Code, the rules of the London Stock Exchange and Rule 14e-5 under the Exchange Act to the extent applicable. In addition, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Goldman Sachs International, Citigroup, Rothschild, RBC Capital Markets and their respective affiliates will continue to act as exempt principal traders in TSB Shares on the London Stock Exchange and engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law. To the extent required by the applicable law (including the Code), any information about such purchases will be disclosed on a next day basis to the Panel and a Regulatory Information Service including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is made public in the United Kingdom, this information will also be deemed to be publicly disclosed in the United States.

Notice to Australian holders of TSB Shares

The Offer is being made for the securities of a UK company with a listing on the London Stock Exchange and is regulated primarily by UK laws. Accordingly, the Offer is not made under or regulated by Chapter 6 of the Corporations Act 2001 (Cth). The content of this announcement and the Offer Document is subject to UK disclosure requirements which are different from the disclosure requirements under Australian law. Neither the Australian Securities and Investments Commission nor the Australian Securities Exchange has: (i) approved or disapproved of the Offer; (ii) passed judgment over the merits or fairness of the Offer; or (iii) passed judgment upon the adequacy or accuracy of the disclosure in this announcement nor the Offer Document.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including

details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Information relating to TSB Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by TSB Shareholders, persons with information rights and other relevant persons for the receipt of communications from TSB may be provided to Sabadell during the Offer Period as required under Section 4 of Appendix 4 to the Code.

Publication on website

A copy of this announcement will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Sabadell's website at www.sabadelltsbinfo.com and on TSB's website at www.tsb.co.uk/investors/sabadell-offer-information/ by no later than 12 noon (London time) on the Business Day following the date of this announcement. For the avoidance of doubt the contents of those websites are not incorporated, and do not form part of, this announcement.

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