



NATIONAL SECURITIES MARKET COMMISSION

Pursuant to Article 226 of the Law 6/2023 of 17 March on the Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*), Banco de Sabadell, S.A. ("**Banco Sabadell**" or the "**Company**") hereby informs the National Securities Market Commission (*Comisión Nacional del Mercado de Valores* ("**CNMV**")) of the following

INSIDE INFORMATION

Further to the Inside Information notice dated 16 June 2025 (official registry number 2776), Banco Sabadell informs that its Board of Directors, having received a binding offer for the acquisition of its subsidiary TSB Banking Group plc ("**TSB**") from Banco Santander, S.A. ("**Banco Santander**" or the "**Purchaser**"), has today adopted the following resolutions:

Sale of TSB

Put to the vote of the Extraordinary General Meeting the approval of the sale to Banco Santander of all of the shares representing the share capital of TSB and other equity instruments and securities issued by TSB held by Banco Sabadell (the "**Transaction**") and the execution of a sale and purchase agreement entered into today with Banco Santander (the "**Sale and Purchase Agreement**").

This Transaction constitutes a strategic opportunity and is extraordinarily beneficial to Banco Sabadell and its shareholders, irrespective of the voluntary takeover bid for all of the shares of Banco Sabadell made by Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**"), the prior announcement of which was published as inside information on 9 May 2024 (official registry number 2242) (the "**Takeover Bid**"), which is currently pending authorisation by the CNMV.

The main terms and conditions of the Transaction are as follows:

1. Object of the Transaction and Price:

- a) The Transaction comprises, firstly, the sale and purchase of all the shares issued by TSB (the "**Shares**") held by Banco Sabadell.



The consideration for the Shares is an initial price of £2,650 million (approximately €3,098 million¹), determined by reference to the Tangible Net Asset Value ("TNAV") resulting from TSB's unaudited consolidated balance sheet as at 31 March 2025, and it will be adjusted upwards or downwards in line with the positive or negative change in the TNAV between 1 April 2025 and the closing date of the Transaction.

On the closing date of the Transaction, the Purchaser will pay to Banco Sabadell in cash an estimate of the final price of the Shares resulting from the foregoing. This estimate will be made by Banco Sabadell.

The final price of the Shares will be determined after the closing date of the Transaction on the basis of the final change in the TNAV between 1 April 2025 and such closing date, based on TSB's financial statements as at such latter date prepared for that purpose. Any adjustment, positive or negative, to the estimated final price paid by the Purchaser will be settled by the party owing such payment to the party entitled thereto as soon as possible after final determination thereof.

Based on TSB's financial projections, and assuming the closing of the Transaction takes place on 31 March 2026, the Company estimates that the final price for the Shares could be in the region of £2,875 million (approximately €3,361 million²).

- b) The Transaction also comprises the sale and purchase of all of the following equity instruments and securities issued by TSB and subscribed by Banco Sabadell that have not matured nor been repurchased and redeemed as of the closing date of the Transaction, as well as the securities from any new issuance carried out since now and up to such date and subscribed by Banco Sabadell for the purpose of refinancing any of them (the "**Securities**"):
 - i) all of the £250 million fixed rate reset additional tier 1 perpetual non-cumulative contingent convertible securities issued on 5 December 2024;
 - ii) all of the £300 million fixed-to-floating rate callable subordinated Tier 2 capital notes issued on 30 March 2021;

¹ At the sterling to euro conversion rate published by the European Central Bank on 30 June 2025 of GBP 0.8555 per euro.

² At the sterling to euro conversion rate published by the European Central Bank on 30 June 2025 of GBP 0.8555 per euro.



- iii) all of the £250 million senior unsecured floating rate notes due to mature in December 2026 issued on 9 December 2022;
- iv) all of the £450 million senior unsecured floating rate notes due to mature in June 2027 issued on 13 June 2022; and
- v) all of the £200 million senior unsecured floating rate notes due to mature in December 2028 issued on 5 December 2023.

The purchase and sale price for the Securities will correspond to the sum of the fair values assigned to the Securities at the closing date of the Transaction based on the credit spreads agreed by Banco Sabadell and the Purchaser for each such instrument in the Sale and Purchase Agreement. Payment of the purchase price of the Securities shall be made by the Purchaser to Banco Sabadell in cash on the closing date of the Transaction and shall not be subject to subsequent revision.

2. Conditions precedent:

The obligation of the parties to complete the Transaction is subject to the satisfaction, no later than 1 July 2026, of the following conditions precedent:

- i) the authorisation of the Transaction by the Extraordinary General Meeting of Shareholders of Banco Sabadell;
- ii) the Purchaser obtaining approval of the Prudential Regulatory Authority in the United Kingdom;
- iii) the Purchaser obtaining approval from the Competition and Markets Authority in the United Kingdom; and
- iv) the Purchaser obtaining the authorisation of the European Central Bank.

3. Closing date:

The completion of the Transaction and payment of the purchase and sale price will take place on the last business day of the month in which the last condition precedent is satisfied (or on the last business day of following month, should the satisfaction of such last condition precedent occur after the 15th day of the month).

It is currently estimated that the Transaction could be completed within the first quarter of 2026.



If by 1 July 2026 the conditions of the Transaction have not been met, Banco Sabadell and the Purchaser may, acting in good faith and by mutual agreement, extend the maximum period for closing the Transaction. In the absence of such agreement, the Sale and Purchase Agreement shall be terminated and the Transaction shall not proceed.

4. Liability and indemnity obligation:

The Sale and Purchase Agreement provides for an allocation of risks and liabilities in line with market practice for this type of transaction. This includes the provision of fundamental and business representations relating to TSB by Banco Sabadell, as well as customary representations by the Purchaser. Each party undertakes to indemnify the other in the event that such representations prove to be inaccurate, and, in the case of Banco Sabadell, to compensate the Purchaser for any damages suffered as a result of the materialisation of certain specific contingencies, all subject to the agreed time and financial liability caps set out in the Sale and Purchase Agreement itself.

5. Other covenants:

- i) Non-competition and non-solicitation: Banco Sabadell has undertaken vis-à-vis the Purchaser that no company within Banco Sabadell Group will compete in the UK banking market with the Purchaser for 24 months following the closing date of the Transaction, without prejudice to the maintenance of the activities of Banco Sabadell's branch in the UK.

Banco Sabadell has also undertaken that no company within the Banco Sabadell Group will solicit employees of TSB for the same period, subject to certain exceptions customary in this type of transaction.

None of the foregoing commitments shall apply to BBVA or its group entities in the event that the Takeover Bid results in the acquisition of a majority of the voting rights.

- ii) Extraordinary compensation: in the event that, having the Transaction authorised by the Extraordinary General Meeting of Shareholders, Banco Sabadell agrees before 31 December 2025 the sale of TSB to another entity for a price higher than the price agreed with the Purchaser, and such transaction is completed, the Purchaser shall be entitled to receive a compensation of £26.5 million



(approximately €30.98 million³), equivalent to 1% of the initial price of the Shares, or, if lower, 70% of the difference between the sale price of the Shares agreed by the Company with the third party and the initial price of the Shares.

If the Takeover Bid results in the acquisition of a majority of the voting rights, this extraordinary compensation shall only be payable to the Buyer if Banco Sabadell has agreed to sell TSB to another entity for a price higher than that agreed with the Buyer prior to the settlement of the Takeover Bid, provided that the transaction is subsequently completed.

Submit for the consideration of the shareholders the payment of an extraordinary dividend of 50 euro cents gross per share conditional upon the closing of the sale of TSB.

Submit for the consideration of the shareholders at the same Extraordinary General Meeting approving the Transaction, the distribution of an extraordinary cash dividend, charged against distributable voluntary reserves, in the amount of 50 euro cents (gross) per share entitled to receive it (and, based on the number of shares in circulation as of 30 June 2025 –other than those acquired by the Company as treasury shares as of 30 June 2025 under the buy-back programme authorised by the General Meeting of Shareholders held on 20 March 2025 under item six of the agenda for redemption– for a maximum amount of 2.573.005.100,50 euros).

As a result mainly of the capital gain derived from the Transaction and the release of regulatory capital following the deconsolidation of the TSB Group assets, Banco Sabadell will generate a capital surplus significantly above the threshold set by its Board of Directors for the distribution of excess capital (which stands at 13% of the fully loaded CET1 ratio, applying the regulatory implementation calendar of the output floor on a consolidated basis), allowing the distribution of a substantial portion of this capital surplus to its shareholders while at the same time maintaining an estimated CET1 level above said threshold following its payment.

This extraordinary dividend is conditional upon the closing of the sale of the Transaction and its payment will be made in accordance with the operating rules of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear). (Iberclear) on the last business day of the month following the month in which the Transaction is consummated without exceeding a period of 12 months from the date

³ At the sterling to euro conversion rate published by the European Central Bank on 30 June 2025 of GBP 0.8555 per euro.



of approval of the resolution by the Extraordinary General Shareholders' Meeting (pursuant to article 276.3 of the Capital Companies Act).

The distribution of this dividend is independent of and without prejudice to any other shareholder remuneration formulas that may be approved by Banco Sabadell charged to or on account of its results, or even without direct link to profit, in accordance with the shareholder remuneration policy in force.

Calling an Extraordinary General Meeting of Shareholders

Calling an Extraordinary General Meeting of Shareholders to be held at the Fira de Sabadell, at calle Tres Creus, number 202 with entrance through plaza de la Sardana in the city of Sabadell, on 6 August 2025 at 12:00 hours, on second call, as it is foreseeable that it cannot be held on first call the day before at the same time, in order to decide on the authorisation of the Transaction and the approval of the distribution of the proposed extraordinary cash dividend, in accordance with the regulations governing public takeover bids (in particular, article 114 of the Securities Markets and Investment Services Act and article 28 of Royal Decree 1066/2007, of 27 July, on the rules governing takeover bids).

In the next few days, the notice of the Extraordinary General Shareholders' Meeting and the legally required documents will be published, including, among others, the reports justifying the proposals for the authorisation of the Transaction and the approval of the distribution of the extraordinary dividend, as well as the corresponding proposed resolutions.

Gonzalo Barettino Coloma
Secretary General

Sabadell, 1st July 2025