

# **Banco Sabadell shareholders approve the sale of TSB and the distribution of an extraordinary cash dividend of €2.5 billion with overwhelming support**

- Sabadell today announces the outcome of its Extraordinary General Meeting held on 6 August 2025 during which shareholders voted on key proposals relating to the proposed sale of TSB and the distribution of a €2.5 billion extraordinary dividend
- Both resolutions received strong support from Sabadell shareholders, reflecting alignment with Sabadell's long-term strategy and value creation objectives
- Commenting on the sale of TSB, Chairman of Banco Sabadell, Josep Olliu, said: 'This transaction delivers value to the bank and its shareholders, enabling the return of excess capital and sharpening our strategic focus on strengthening our franchise in the Spanish market'
- The transaction is expected to close in the first quarter of 2026
- As previously announced, Sabadell will return the proceeds of the TSB sale to shareholders via a cash dividend of 50 euro cents per share. This amount is in addition to the €1.3 billion set out at Q2 2025 Results, bringing the total remuneration to Sabadell shareholders over the next 12 months to €3.8 billion

## Extraordinary General Shareholders' Meetings

- **Oliu emphasised that the proposed extraordinary dividend is 'in line with Sabadell's capital allocation policy, and in the interests of the company and its shareholders'. Oliu noted that the extraordinary dividend is only payable to shareholders registered at the time of payment, expected to be in the first quarter of 2026**
- **Sabadell's dividend per share in 2025, 2026 and 2027 will be higher than the 20.44 cents gross per share paid in 2024, while the total remuneration will amount to €6.3 billion euros**
- **Banco Sabadell has also this week completed its previously announced share buyback programmes worth a total of €1.002 billion**

## August 6 2025

The **chairman of Banco Sabadell, Josep Oliu**, stated today, during his speech at the two Extraordinary General Shareholders' Meetings held in the city of Sabadell, which reached an adjusted quorum of 75,2% and 73%, respectively, that the sale of TSB and the distribution of the extraordinary dividend of €2.5 billion are 'beneficial for the bank and its shareholders' and aligned with the strategy presented by the bank at its Capital Markets Day in July 2025. Both proposals received overwhelming support today from Sabadell shareholders.

'This divestment of TSB allows us to unlock value, return capital to shareholders and sharpen the bank's focus on its core strategy of strengthening our franchise in the Spanish market,' said the chairman of Banco Sabadell.

Oliu explained that the proposals submitted to shareholders for approval today were independent of the takeover bid and would have been proposed 'regardless of the takeover bid given their clear benefits to the bank and its shareholders, and their alignment with the Board's strategy'.

## Extraordinary General Shareholders' Meetings

The sale of TSB aligns with Banco Sabadell's strategy to sharpen its focus on Spain, where the bank sees greater potential for growth as a domestic bank and in deepening its customer relationships.

Oliu confirmed that, since 2021, 'various expressions of interest in TSB' had been received from third parties following the successful turn-around of TSB, but that these were not considered as they did not capture the real value of the franchise at the time. However, specific expressions of interest were recently received again, 'and Banco Sabadell's Board decided to proceed with a limited competitive process to request additional non-binding offers.'

## Increasing shareholder remuneration

The payment of the extraordinary dividend of €2.5 billion approved today at Banco Sabadell's second Shareholders' Meeting is in addition to the ordinary remuneration charged to the corresponding financial years. The chairman of Banco Sabadell emphasised that this proposal is 'fully in line with the company's interests and extremely favourable for the company and its shareholders'.

In order to be eligible to receive the extraordinary dividend, Sabadell shareholders must be registered as shareholders at the time of the payment, which is expected to be in April 2026.

Furthermore, this extraordinary dividend would not affect the exchange ratio proposed by BBVA, as only payments made during the term of the takeover bid are included. The outcome of the takeover offer is expected in 2025 and the sale of TSB is not expected to be completed until 2026.

With regard to the shareholder remuneration policy, the ordinary remuneration provides for the payment of a first interim dividend of 7 euro cents gross per share out of the profits for the 2025 financial year, to be paid on 29 August. In addition, Oliu explained, two interim dividends will be paid each year, in August and December, and a supplementary dividend will be paid after the Annual General Meeting, normally in March or April.

'If you remain a shareholder during the period 2025-2027, we estimate that you will receive an annual dividend higher than that received for the 2024 financial year (which was 20.44 euro cents gross per share), in addition to the aforementioned extraordinary 50 cents that will be

## Extraordinary General Shareholders' Meetings

received after the sale of TSB,' emphasised the chairman of Banco Sabadell.

Oliu informed shareholders that the €755 million share buyback programme has now been completed. This programme, added to the €247 million programme for the 2023 financial year, which was reactivated after the takeover bid was announced, totals €1.002 billion, in line with the commitment to return excess capital above the 13% CET1 target to shareholders.

## Sale of TSB at 1.5 times book value

This sale, which has been approved by the Extraordinary General Meeting, has been set at a price of £2.65 billion (approximately €3.1 billion) as of 31 March 2025, implying a TSB multiple of 1.5 times book value. To this price will be added the profit generated between that date and the closing of the transaction, which is estimated for the first quarter of 2026. Given TSB's expected performance until then, Banco Sabadell anticipates that the final price would amount to approximately £2.875 billion (€3.361 billion).

Banco Sabadell acquired the British mortgage specialist in 2015 at book value for £1.7 billion. Oliu recalled that 'after a few initial years of adjustment due to the United Kingdom's exit from the European Union and the problems experienced in migrating to the new platform, TSB has pursued a determined strategy of optimising its operating expenses and improving its business and financial performance, which has resulted in a very positive evolution in its operational efficiency and profitability'.

From 2015 to the first quarter of 2025, TSB has increased its loan book from £26.4 billion to £36.4 billion, while improving its efficiency ratio from 80% to 67% and raising its return on equity (ROTE) from 5.3% to 12.5%. As a result, Banco Sabadell has received €559 million in dividends from its subsidiary over the last decade.

The transaction will also transfer the securities issued by TSB and subscribed by Banco Sabadell at their fair value at closing. The total nominal value of the issues, which includes perpetual securities convertible into shares, subordinated bonds and senior unsecured bonds, amounts to £1.45 billion.

Banco Sabadell has committed to Banco Santander, the buyer of TSB, not to compete in the UK market for 24 months after the closing of the transaction. However, Banco Sabadell will maintain its branch in the United Kingdom, which

## Extraordinary General Shareholders' Meetings

supports companies in their overseas business, and will also be able to continue operating in this market through its corporate banking division (CIB).