

# Sale of TSB

July 2, 2025

## Strategic rationale of the transaction

**1**

**Opportunity to generate significant value for our shareholders**

**2**

**Sabadell now represents a more focused, simple and predictable equity story**

**3**

**Extraordinary cash distribution upon closing**

# Sale of TSB to Santander

## Sale price<sup>1</sup>

- Total consideration of **£2.9bn** (€3.4bn<sup>1</sup>), **all-cash** for 100% equity stake in TSB, including:
  - £2.65bn (€3.1bn<sup>1</sup>), initial price
  - £0.23bn (€0.27bn<sup>1</sup>) estimated TNAV variation between April 1<sup>st</sup>, 2025 and closing

## Transaction perimeter

- **100% equity stake in TSB**
- £1.5bn of intragroup MREL instruments at fair value
- UK branch excluded, and allowed to continue doing CIB business
- IT platform is not included. Operational continuity is guaranteed through the use of current IT platform until migration

## Expected closing

- **1Q26**, subject to approval by Extraordinary Shareholder General Meeting (EGM), ensuring compliance with duty of passivity under Tender Offer regulations, and regulatory/anti-trust approvals

## Use of proceeds

- **Extraordinary cash dividend of 50 euro cents/share**, equivalent to c.€2.5bn<sup>2</sup>, payable to holders of Sabadell shares following the closing date

<sup>1</sup> GBP/EUR: 0.8555 as of June 30<sup>th</sup>, 2025. <sup>2</sup> Assuming 5bn shares after share buyback completion.

# Our value creation journey

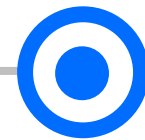
**2015 Sabadell acquired 100% stake in TSB**



- Initial investment: £1.7bn (1.0x P/TBV)
- Capital increase of €1.6bn

- Loan book: £26.4bn
- Cost-to-income ratio: c.80%
- RoTE: 5.3%

**2025 Board unanimously backs TSB sale**



- Total consideration: c.£2.9bn<sup>1</sup> (1.5x P/TBV<sup>2</sup>)
- Total dividends received (2015-2025): c.£0.5bn
- Shareholder distribution of €2.5bn<sup>3</sup>

- Loan book: £36.4bn (c.+4% CAGR)
- Cost-to-income ratio: 67% (-13p.p)
- RoTE: 12.5% (>7 p.p.)

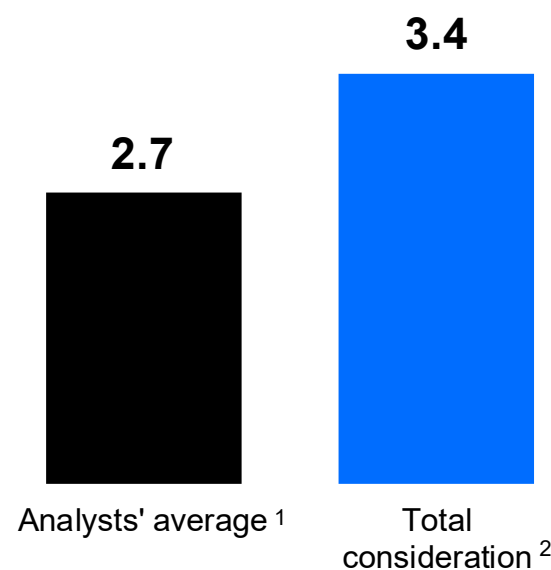


**Sabadell has developed TSB's franchise, enlarging the scale of the business, improving its efficiency levels and increasing profitability**

Note: The 2015 data are as of 31 December 2015 and the 2025 data refer to last 12 month as of 31 March 2025 of TSB individual perimeter. <sup>1</sup> Total consideration: £2.9bn, which includes £2.65bn initial price + estimated £0.23bn TNAV variation between April 1st, 2025 and closing. <sup>2</sup> P/TBV using initial price of £2.65bn and TBV as of March 31<sup>st</sup>, 2025. <sup>3</sup> Assuming 5bn shares after share buyback completion.

# The transaction unlocks higher value for our shareholders

## Sale price vs analyst's TSB valuation (€bn)



**Sale price significantly higher than analysts' valuation**

## Transaction multiples

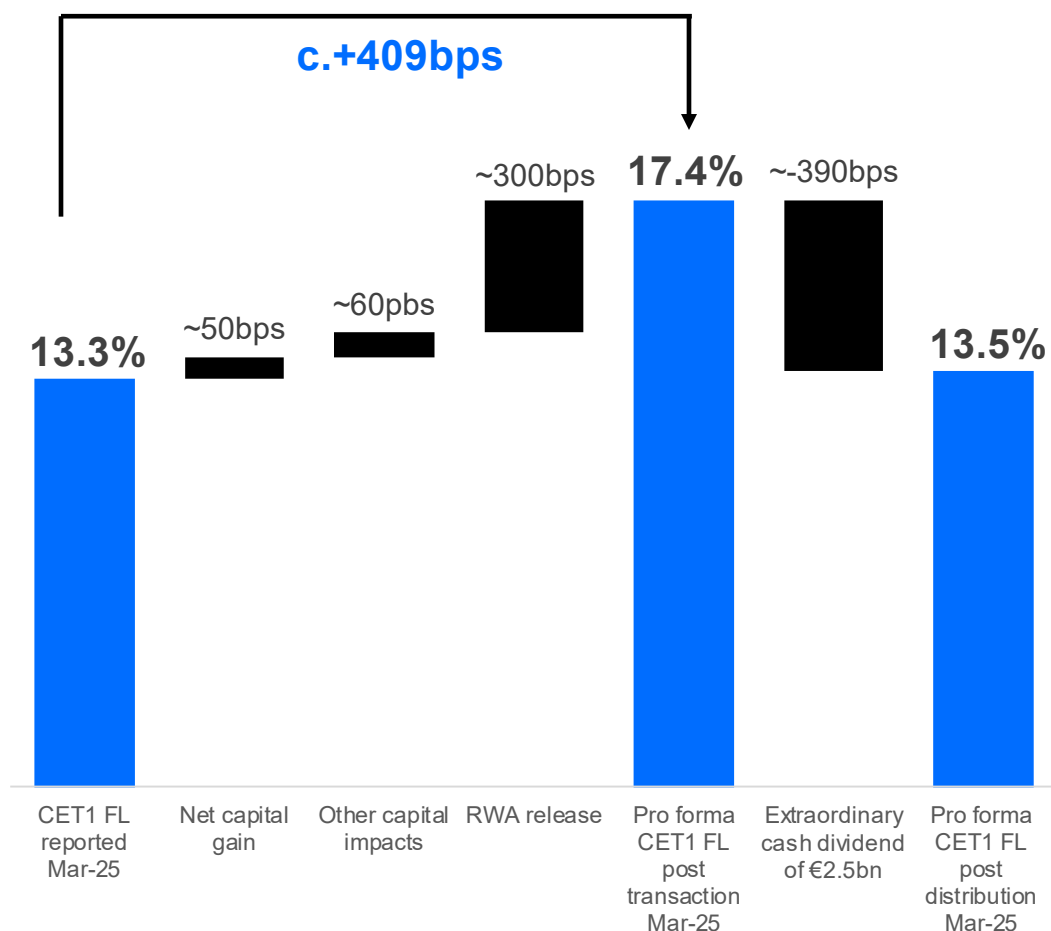
	P / TBV	P/E 2025
<b>Transaction<sup>3</sup></b>	<b>1.5x</b>	<b>10.5x</b>
UK peers (avg.) <sup>4</sup>	1.2x	8.0x
Sabadell <sup>5</sup>	1.1x	8.0x

**Transaction multiples well above UK peers and current Sabadell Group's**

<sup>1</sup> Based on the latest analysts' Sum of the Parts valuation. <sup>2</sup> £2.9bn at the exchange rate of 0.8555 (June 30<sup>th</sup>, 2025). <sup>3</sup> P/TBV and P/E 2025 using initial price of £2.65bn. TBV as of March 31<sup>st</sup>, 2025 and 2025 EPS based on the latest analysts' Sum of the Parts valuation. <sup>4</sup> Source: Capital IQ <sup>5</sup> Closing price of 2.703€ as of June 30<sup>th</sup>, 2025, last published TBV as of March 31<sup>st</sup>, 2025, and 2025 EPS based on Bloomberg data as of June 30<sup>th</sup>, 2025.

# 409bps capital generation and €2.5bn extraordinary cash dividend (50 euro cents/share)

## CET1 transaction impact<sup>1</sup>



## Use of proceeds

- **Maximise shareholder remuneration** while keeping our commitment to distribute excess capital >13% CET1
- **Extraordinary dividend** payable to holders of Sabadell shares following the closing date

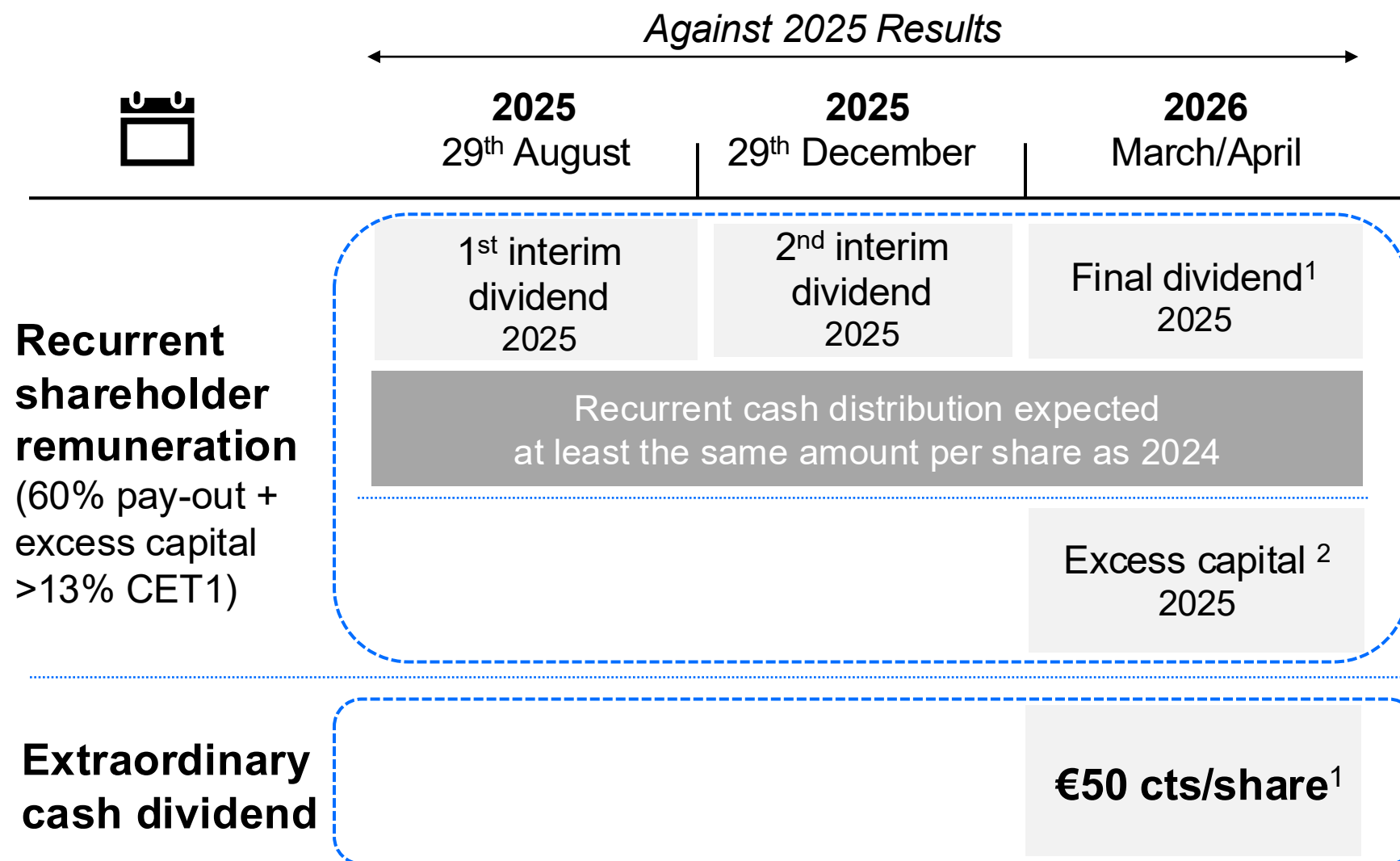
**€2.7<sup>bn</sup>**  
Capital generation

**€2.5<sup>bn</sup>**  
Extraordinary cash dividend<sup>2</sup>

**~18.5%**  
Extraordinary dividend yield<sup>3</sup>

<sup>1</sup> Exchange rate as of March 31<sup>st</sup>, 2025: 0.8354. <sup>2</sup> Assuming 5bn shares after share buyback completion. <sup>3</sup> Closing price of 2,703€ as of June 30<sup>th</sup>, 2025.

# The extraordinary dividend will come on top of our recurrent shareholder remuneration



We reaffirm our commitment of €1.3bn of recurrent shareholder remuneration estimated for 2025

Extraordinary cash dividend of €2.5bn

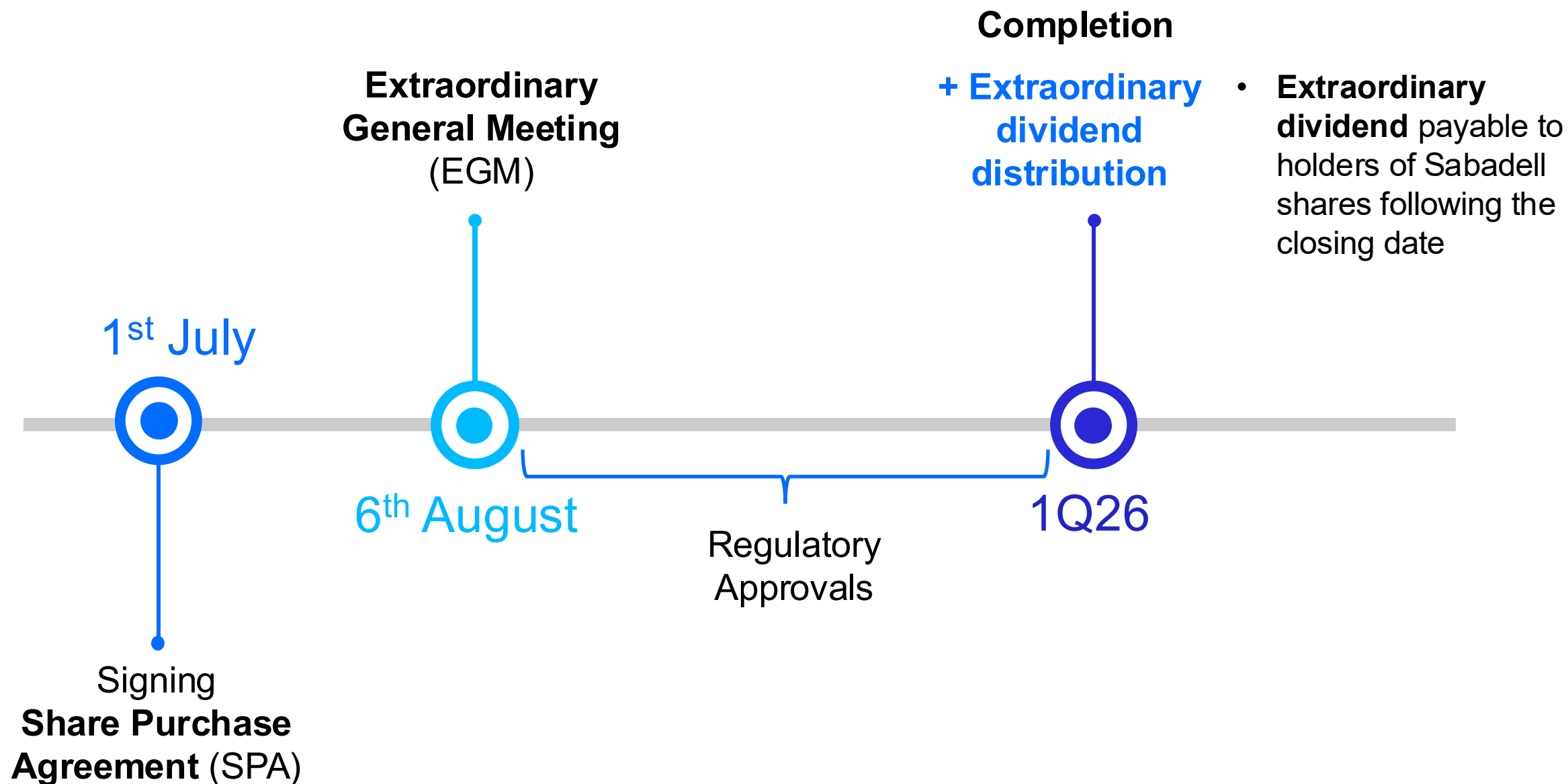
**Total shareholder remuneration:**

**€3.8<sup>bn</sup>**

**>28%**  
Market cap<sup>3</sup>

<sup>1</sup> Subject to shareholders approval. <sup>2</sup> Subject to shareholders approval and regulatory approvals if required. <sup>3</sup> Assuming 5bn shares after share buyback completion and closing price as of June 30<sup>th</sup>, 2025 of 2.703€.

# Transaction timeline





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