UK authorities give green light to acquisition of TSB by Sabadell Group

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- Paul Pester, CEO of TSB, says: “With the extra firepower and fresh perspective of Sabadell, TSB will be stronger and even better placed to build on its position as Britain's challenger bank.”

30 June 2015. The UK authorities (PRA and FCA) have approved the bid by the Sabadell Group, announced on 17 April 2015, to acquire all of the shares of TSB Banking Group plc which is based in Britain.

With this acquisition, the Sabadell Group is taking a leap forward in its strategy of expanding into other countries, which is one of the pillars of its Triple strategic plan for 2014-2016 (Transformation, Profitability and Internationalisation). After the TSB acquisition, 22% of Sabadell’s assets will be located outside Spain, compared with 5% at present.

Josep Oliu, Chairman of Sabadell, says: "Today marks the beginning of a major project. This is a milestone that enables us to enter a market with vast opportunities. We do so in partnership with a well-positioned challenger bank with a prestigious brand backed by a long tradition.

Furthermore, TSB has a highly professional management team which is successfully delivering its business plan and which is committed to growing TSB further still as part of the Sabadell Group. TSB will enable us to increase our international footprint and diversify our business activities. It's a major opportunity”.

Paul Pester, CEO of TSB, says: “The deal with the Sabadell Group is a major vote of confidence in TSB. With the extra firepower and fresh perspective of Sabadell, TSB will be stronger and even better placed to build on its position as Britain's challenger bank. Being part of the Sabadell Group will help TSB bring more competition to the UK market more quickly and help us break the stranglehold the 'Big Five' banks have had for far too long.

TSB and Sabadell have similar values. Both have heritages that date back to the nineteenth century and proud histories of focusing on and supporting hard working local people and businesses.”
The experience accumulated by the Sabadell Group in integrating numerous successful bank acquisitions to date and its extensive knowledge of customer service, particularly in personal and SME banking, will play a key role in generating value in this new phase.

The deal, worth 1.7 billion pounds (2.35 billion euros), to be paid for entirely in cash has a neutral impact on the Sabadell Group’s CET1 ratio. Sabadell believes that Lloyds Banking Group’s contribution of up to 450 million pounds (about 622 million euro) is expected to be more than sufficient to meet the implementation costs of the IT migration onto Sabadell’s platform.

Further, the Group estimates technology synergies of approximately 160 million pounds before taxes (about 221 million euro) in the third full year after completion of the Offer.

About TSB

TSB Banking Group plc is the seventh largest retail banking group in the UK by branch network. With over 21.4 billion pounds in loans, it is present in over 600 towns and cities across Britain, has 8,700 employees and 4.7 million customers.