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For immediate release

21 August 2015

RECOMMENDED CASH OFFER

for

TSB BANKING GROUP PLC

by

BANCO DE SABADELL, S.A.

Completion of compulsory acquisition procedure

On 8 July 2015 Banco de Sabadell, S.A. (**Sabadell**) announced that it had commenced the procedures available to it under section 979 of the Companies Act 2006 (the **Act**) to compulsorily acquire those TSB Banking Group plc (**TSB**) Shares which it did not already own.

Consequently, Sabadell despatched of formal compulsory acquisition notices (the **Compulsory Acquisition Notices**), in the prescribed form under section 980(1) of the Act, to all TSB Shareholders who had not accepted the Offer giving notice of the exercise of Sabadell's right under section 979 of the Act to acquire compulsorily any remaining TSB Shares in respect of which the Offer had not been accepted, on the same terms as the Offer.

The deadline for applications to be made to the Court pursuant to section 986 of the Act expired at 1.00 p.m. on 20 August 2015. No such application has been made to the Court. Pursuant to section 979 of the Act, Sabadell are now entitled and bound to acquire the TSB Shares held by TSB Shareholders who received the Compulsory Acquisition Notices and had not validly accepted the Offer on or before 20 August 2015.

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

Enquiries

Sabadell

Albert Coll

+34 93 728 8990

Goldman Sachs International

Dirk Lievens

Mark Sorrell

Carlos Pertejo

+44 20 7774 1000

Brunswick Group LLP

Azadeh Varzi

Andrew Garfield

Rurik Ingram

+44 20 7404 5959

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 has been prepared in accordance 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.

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.