

DEED OF IRREVOCABLE UNDERTAKING (DIRECTOR SHAREHOLDERS)

To: Banco de Sabadell, S.A. (Sabadell)
Plaça Sant Roc
20 Sabadell

19 March 2015

Proposed offer for TSB Banking Group plc (TSB)

1. Introduction

1.1 I understand that:

- (a) Sabadell intends to make an offer (the **Offer**) to acquire all the issued and to be issued ordinary shares of one pence each (**Ordinary Shares**) in the capital of TSB other than those owned by Sabadell or any of its subsidiaries at the time of posting the formal document containing the Offer (the **Offer Document**);
- (b) the Offer will be substantially on the terms and conditions to be set out in a press announcement of the Offer (the **Press Announcement**), which will be substantially in the form of the attached draft Press Announcement, together with any additional terms and conditions required to comply with the rules of the Financial Conduct Authority (the **FCA**) and the City Code on Takeovers and Mergers (the **Code**) and other applicable law or regulation;
- (c) the offer price for the Offer will be not less than 340 pence per Ordinary Share (the **Offer Price**);
- (d) a reference in this undertaking to the Offer includes any new, increased, reviewed or revised offer made by or on behalf of Sabadell to acquire shares in TSB, provided that the terms of that offer provide for a cash price per Ordinary Share of no less than the Offer Price on the terms set out in the Press Announcement; and
- (e) the Offer will extend to any Ordinary Shares allotted, issued or transferred while the Offer remains open for acceptance, including any Ordinary Shares allotted, issued or transferred under TSB's employee share plans (the **Share Plans**);

1.2 the making of the Offer is conditional on:

- (a) the receipt by Sabadell of irrevocable undertakings to accept the Offer (in a form acceptable to the Offeror) from Lloyds Bank plc (**Lloyds**) in respect of Lloyds' entire holding of Ordinary Shares in TSB and from each of the directors of TSB and, if applicable, their family members in respect of the directors' interests in Ordinary Shares (for this purpose a director is considered to have an interest in Shares held by any of the persons listed in section 822 of the Companies Act 2006); and
- (b) the release of the Press Announcement,

but Sabadell may waive conditions 1.2(a) or (b) above in whole or in part (and either conditionally or otherwise) if it so chooses and all my obligations under this undertaking will lapse if the above conditions are not fulfilled (or, where permitted, waived by Sabadell) by 12.00 noon on 20 March 2015, (or such later time or day as Sabadell may notify to the Board of TSB).

1.3 I irrevocably undertake, agree, represent and warrant to Sabadell in the following terms:

- (a) I am the beneficial owner of and have all relevant power and authority to:
 - (i) accept (or procure the acceptance of) the Offer in respect of the ordinary shares specified in Part 1 of the Schedule (the **Shares**); and
 - (ii) transfer the Shares free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party interests of any nature and together with all rights now attaching or accruing to them after the date of this undertaking as envisaged by the terms of the Offer, including the right to all dividends and other distributions (if any) declared, made or paid after the date of this undertaking;
- (b) I will accept (or procure the acceptance of) the Offer in respect of all the Shares and deliver (or procure the delivery of) duly completed form(s) of acceptance, together with the share certificate(s) and/or other document(s) of title and/or evidence of authority and/or send (or procure the sending of) an electronic acceptance, if relevant, in accordance with the terms of the Offer, no later than 3.00 p.m. on the seventh business day after the despatch of the Offer Document;
- (c) notwithstanding the provisions of the Code on, or any terms of the Offer regarding, withdrawal, not to withdraw any such acceptance of the Offer for so long as the Offer remains open for acceptances;
- (d) I am also the holder of the option(s) and/or award(s) granted under the Share Plans over the number of Ordinary Shares specified in Part 2 of the Schedule and the beneficial holder of the Ordinary Shares specified in Part 2 of the Schedule held subject to a retention period (the **Plan Shares**). The **Share Plans** mean each of the TSB 2014 Share Plan, the rules applicable to the TSB Sustainable Performance Awards, the rules applicable to the TSB Transitional Awards, the TSB Sharesave Scheme 2014 and the TSB Share Incentive Plan 2014;
- (e) I confirm that I am not interested in any shares or other securities of TSB other than those of which details are set out in the Schedule;
- (f) unless and until the Offer closes, lapses or is withdrawn in accordance with paragraph 3 below, I will not (and I will procure that the registered holder of the shares will not):
 - (i) sell, transfer, charge, pledge, encumber or grant any option over or otherwise dispose of any of the Shares or any interest in any of the Shares except to Sabadell under the Offer (save that I may sell the number of Plan Shares required to cover my liability to income tax and social security contributions arising on the vesting and/or exercise of my option(s)/award(s) under a Share Plan); or
 - (ii) accept any offer in respect of any of the Shares (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented) other than the Offer; or
 - (iii) enter into any agreement or arrangement, or incur any obligation or announce any intention:

- (A) to do any of the acts prohibited by paragraphs 1.3(f)(i) and/or 1.3(f)(ii) above; or
- (B) which would, in relation to the Shares, impede or restrict me from accepting the Offer; or
- (iv) withdraw the acceptance referred to in paragraph 1.3(b) above in respect of any of the Shares even though I (or the registered holder) may become entitled to withdraw it under the rules of the Code or any provision in the Offer Document; or
- (v) acquire any further interest (as defined in the Code) or otherwise deal or undertake any dealings (as defined in the Code) in any relevant securities (as defined in the Code) except, if applicable, pursuant to the Share Plans but only as required to cover a liability to income tax and social security contributions as referred to in 1.3(f)(i) above and except this shall not restrict the grant to me of option(s) or award(s) under the Share Plans; or
- (vi) exercise or permit the exercise of voting rights attached to the Shares in any manner which would frustrate the Offer; and
- (g) to the extent that any of the Shares are not registered in my name, I will procure the registered holder(s) to act in accordance with the terms of this undertaking.

2. Publicity and provision of information

2.1 I consent to:

- (a) this undertaking being disclosed to the Panel;
- (b) this undertaking being published as required by the Code or any other applicable law or regulation;
- (c) the issue of the Press Announcement with the references to me and this undertaking in the form and context in which they appear in the form of the Press Announcement, subject to any amendments to the Press Announcement being approved by me;
- (d) the issue of the Offer Document containing particulars of this undertaking; and
- (e) this undertaking being made available for inspection following the issuance of the Press Announcement.

3. Lapse of undertaking

3.1 All obligations under this undertaking will lapse if:

- (a) the Press Announcement has not been issued on or before 20 March 2015 or such later date as Sabadell and TSB may agree; or
- (b) the Offer Document has not been posted within 28 days after the Press Announcement of the Offer (or within such longer period as Sabadell and TSB, with the consent of the Panel, determine); or
- (c) the Offer closes, lapses or is withdrawn; or

(d) I am required to withdraw this undertaking by any court or competent regulator.

4. Miscellaneous

- 4.1 I acknowledge that nothing in this undertaking obliges Sabadell to despatch the Offer Document if it is not required to do so under the Code.
- 4.2 I acknowledge that, if I fail to accept or procure the acceptance of the Offer in accordance with my obligations under paragraph 1.3(b) or should otherwise be in breach of any of my obligations in this undertaking, damages alone may not be an adequate remedy and that Sabadell will be entitled to seek the remedies of specific performance or injunctive relief for such failure or breach.
- 4.3 Subject to 4.6 below, any time, date or period mentioned in this undertaking may be extended by mutual agreement between the parties but as regards any time, date or period originally fixed or so extended time will be of the essence.
- 4.4 In this undertaking the expression the "Offer" extends to any improved or revised offer on behalf of Sabadell, whether voluntary or mandatory.
- 4.5 This undertaking shall be binding on me, my estate and personal representatives.
- 4.6 No amendment or variation will be made to this undertaking unless in writing signed by Sabadell and me.
- 4.7 The provisions contained in each paragraph and subparagraph of this undertaking will be enforceable independently of each of the others and their validity will not be affected if any of the others are invalid. If any provision of this undertaking is declared void but would be valid if some part of the provision were deleted, the provision in question will apply with the modification necessary to make it valid.
- 4.8 This undertaking may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this undertaking by executing a counterpart.
- 4.9 Except as otherwise expressly stated in this undertaking, a person who is not a party to this undertaking may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- 4.10 This undertaking contains the whole agreement between the parties relating to the matters contemplated by this undertaking and supersedes all previous agreements, whether oral or in writing, between the parties relating to these matters.
- 4.11 This undertaking and any non-contractual obligations arising out of or in connection with it will be governed by English law. The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this undertaking (including a dispute relating to any non-contractual obligations arising out of or in connection with this undertaking) and the parties submit to the exclusive jurisdiction of the English courts.

SCHEDULE

PART 1

THE SHARES

1. REGISTERED IN NAME OF PERSON GIVING THE UNDERTAKING

Nil

2. BENEFICIALLY OWNED BY PERSON GIVING THE UNDERTAKING BUT REGISTERED IN THE NAME OF A NOMINEE

*Hargreaves Lansdown (Nominees) Limited
1 College Square South
Anchor Road
Bristol BS1 5HL*

1,115 Ordinary Shares

OPTION(S)/AWARDS GRANTED UNDER THE SHARE PLAN(S)

A. ORDINARY SHARES HELD SUBJECT TO A RETENTION PERIOD

No. of Ordinary Shares Nil

B. [DESCRIBE AWARD]

No. of Ordinary Shares Date of award NIL
subject to award

IN WITNESS of which this undertaking has been executed as a deed and has been delivered on the date stated at the beginning of this undertaking.


Dated: 19 March 2015

Name: Dame Sandra June Dawson

Address: 20 Gresham Street

London EC2V 7JE

SIGNED and delivered as a)
deed by the person named)
above in the presence of)


.....
(Signature) _____

Witness's signature:


.....

Name: KEITH HAWKINS.....

Address: 20 GRESHAM STREET.....

LONDON EC2V 7JE.....

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