

Ms Maria Jose Garcia Beato
Company Secretary
Torre Banco Sabadell
Av. Diagonal, 407 bis
08008 Barcelona

24th September 2019

Dear Ms Garcia Beato

Slaughter and May Report

TBU is the largest independent trade union representing staff in TSB.

In April 2018 TSB appointed Slaughter and May to report on what went wrong with the migration of customers to its new IT platform. Following the intervention of the Rt. Hon. Nicky Morgan MP, Chair of the Treasury Select Committee, TSB agreed that the first part of that report would be published at the end of 2018. No report was published. In fact, we are now in September 2019 and the report has still not been published.

As a Sabadell shareholder we are concerned that the findings of this report could have serious cost implications for the bank and by delaying publication of Slaughter and May's findings the board is in breach of its fiduciary duty to shareholders.

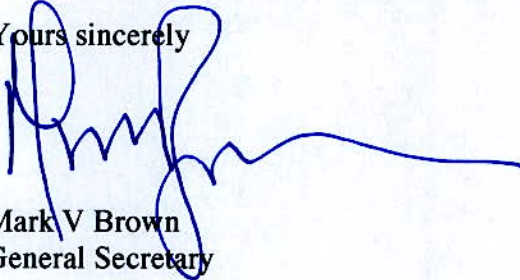
In the 2018 Annual Report and Accounts, TSB said:

“The MSA and OSA contracts provide TSB with the right to seek recovery of losses from Sabis, the Sabadell Group IT provider, for breach of contract up to the level of liability caps in each agreement. TSB and Sabis have reached provisional agreement, subject to mutual reservations of rights while negotiations are concluded, to recognise an aggregate estimated recovery under the agreements of £153 million. Claims under certain insurance policies are ongoing and are not yet sufficiently advanced for any amounts to be recognised in the financial statements”.

Sabis, Banco Sabadell's IT provider, has already agreed to pay TSB £153 million for breach of contract as a result of its part in the migration disaster. Our concerns are that the Slaughter and May report could conclude that Sabis, and its agents, were solely responsible for all the problems associated with TSB's IT migration and are, therefore, legally liable for all the costs associated with putting that migration right. Such a finding could have serious implications for Banco Sabadell's share price and dividend policy.

Shareholders are entitled to see that report and delaying its publication any longer is unacceptable. Unless we get a response setting out when the report will be published, we will instruct our legal advisers to seek redress through the UK Courts.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Mark V Brown', with a long horizontal flourish extending to the right.

Mark V Brown
General Secretary