

## ISSUER PROFILE

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### TABLE OF CONTENTS

Company overview	1
Financial highlights	2
Business description	2
Distribution channels	3
Ownership structure	3
Subsidiaries	4
Company management	4
Company history	5
Peer group	6
Related websites and information sources	6
Moody's related publications	6

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## TSB Banking Group plc

### Key Facts and Statistics - FYE December 2020

#### Company overview

TSB Banking Group plc (TSBG) is a UK-based, wholly owned subsidiary of the Spanish banking group, Banco de Sabadell S.A. (Sabadell) As of 31 December 2020, TSBG held consolidated asset and loan market share of 0.52% and 0.53% respectively, among UK monetary financial institutions (MFIs)<sup>1</sup>. As of the same date, it reported total consolidated assets of £42.4 billion.

TSB provides a wide range of banking products and services to individuals and micro business banking customers in the UK. As of 31 December 2020, TSB operated through a nationwide network of 443 branches in the UK.

TSBG was established in January 2014, as a wholly owned subsidiary of Lloyds Bank plc in preparation for the initial public offering (IPO) of TSBG. In April 2014, it acquired 100% of the issued share capital of TSB from Lloyds Bank plc, and in June 2014 it was listed on the London Stock Exchange. In June 2015, TSBG was completely acquired by the Spanish banking group Sabadell and the ordinary shares of TSBG were delisted.

*Sources: Company reports (annual report Dec 2020 and Dec 2014, Euro Medium Term Note Programme Base prospectus Mar 2021), Bank of England, Moody's Investors Service research*

## Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytical purposes. For Moody's-generated ratios on TSB Banking Group plc, please see [TSB Banking Group plc's](https://www.moody's.com) page on [www.moody's.com](https://www.moody's.com).

Exhibit 1

### Latest full-year results

#### TSB Banking Group plc

(in £ million)	31-Dec-20	31-Dec-19	31-Dec-18	% Change 20/19	% Change 19/18
Total Assets	42,407	39,521	41,124	7.30	(3.90)
Total Shareholder's Equity	1,707	1,886	1,864	(9.51)	1.18
Total Regulatory Capital	2,014	2,217	2,196	(28.16)	5.64
Tier 1 Ratio (%)	14.8	20.6	19.5	(580) bps	110 bps
Net Income	(160)	26	(63)	N/M	N/M

Based on consolidated financial data.

Source: Company reports (annual report Dec 2020 and Dec 2019)

## Business description

TSB offers a range of retail banking products and services, including personal current accounts (PCA), savings accounts (instant access accounts or term deposits), residential mortgages, unsecured personal loans (car loans, debt consolidation, home improvement loans and graduate loans among others), credit cards, PCA overdrafts and general insurance products to individuals in the UK. It also offers business banking products and services, including savings accounts, business bank accounts, business credit cards, business debit cards, business loans and business overdrafts to micro business banking customers with revenue of less than £1 million and borrowing requirements of less than £1 million in the UK.

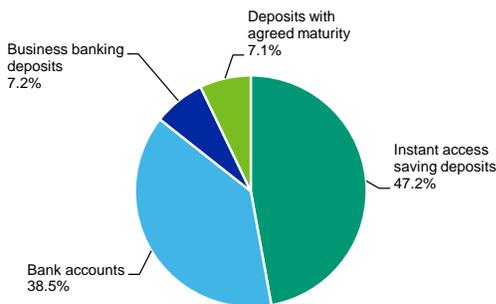
TSBG reports its operations under a single segment, the UK banking business.

Sources: Company report (Euro Medium Term Note Programme Base prospectus Mar 2021), company data

Exhibit 2

### Breakdown of customer deposits

(In %, consolidated, as of 31 December 2020)

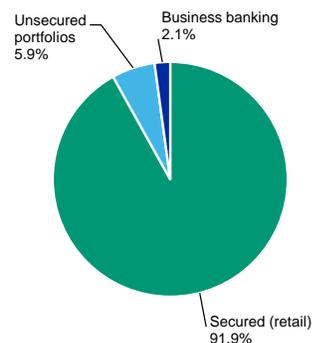


Source: Company report (annual report Dec 2020)

Exhibit 3

### Breakdown of loans and advances to customers\*

(In %, consolidated, as of 31 December 2020)



\*Before valuation adjustments and allowance for credit impairment losses

Source: Company report (annual report Dec 2020)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](https://www.moody's.com) for the most updated credit rating action information and rating history.

## Distribution channels

As of 31 December 2020, TSB operated through a nationwide network of 443 branches. On 25 November 2019, TSB launched a new three-year strategy to restore the Bank's competitiveness. As part of the new strategy the bank will close down a further 153 branches in 2021. By 31 December 2021, TSB will have 290 branches – the seventh largest branch network in the UK. TSB does not have any branches outside the UK.

TSB has enhanced the existing partnership with the Post Office including adding the ability for personal customers to deposit and withdraw cash using a card, and for business customers to exchange cash for coins / notes. Additionally, the bank has partnered with G4S Cash Solutions to set up a cash collection service for its business customers.

The bank is also planning to introduce 100 mobile advisors to provide additional support to communities across the country where branches are closing.

TSB also distributed its products and services through alternative distribution channels, internet, mobile and telephone banking. The three-year strategy also outlined the investment of £120 million in digital innovation. In March 2020, TSB launched TSB Smart Agent – an automated and live chatbot to support customers. The bank has also introduced video banking pilots in the branches enabling bankers to support customers remotely.

TSBG's market shares among UK MFIs, in terms of consolidated assets and loans, were as follows:

Exhibit 4

### Market share of TSB Banking Group plc

Market Share (%)	Dec-20	Dec-19	Dec-18
Loans	0.53	0.53	0.50
Deposits	0.48	0.46	0.44
Assets	0.52	0.53	0.55

(1) For MFIs, Loans and Deposits are calculated by adding loans and deposits in sterling and foreign currency of private sector, public sector and nonresidents

(2) UK MFIs, according to the Bank of England's definition, include all banks and building societies that have permission to accept deposits in the UK (including UK arms of foreign institutions). Please refer to the list on the BoE website.

(3) For TSBG, Loans is calculated by adding loans to credit institutions and loans and advances to customers.

Source: Company reports (annual report Dec 2020 and Dec 2019, Euro Medium Term Note Programme Base prospectus Mar 2021), Bank of England, Company data

## Ownership structure

TSBG is a wholly owned subsidiary of Sabadell. In November 2020, Sabadell announced its intentions to conduct a strategic review of its international businesses including TSBG in 2021. As of 2 February 2021, TSBG reported 500,000,000 ordinary shares in issue.

Sabadell's significant shareholders are as follows:

Exhibit 5

### Banco de Sabadell S.A.

Shareholder	% Voting rights attached to shares	% Voting right through financial instruments	% Total voting rights
Martínez Guzmán, David <sup>1</sup>	3.495	0.000	3.495
Sanders, Lewis A. <sup>2</sup>	3.473	0.000	3.473
Norges Bank <sup>3</sup>	3.185	0.209	3.394
Fintech Europe S.A.R.L. <sup>4</sup>	3.105	0.000	3.105
Blackrock Inc. <sup>5</sup>	2.979	0.090	3.069

Dates of registration to CNMV registry:

(1) 09 Jan 2020 (2) 24 Feb 2020 (3) 05 Feb 2021 (4) 07 Sep 2018 (5) 23 Mar 2021

Source: Company report (annual report Dec 2020, Euro Medium Term Note Programme Base prospectus Mar 2021), [www.cnmv.es](http://www.cnmv.es)

## Subsidiaries

As of 31 December 2020, TSBG's only direct wholly owned subsidiary was TSB Bank plc. As of the same date, the legal entities consolidated on TSBG balance sheet were the following:

Exhibit 6

### TSB Banking Group plc

Subsidiary	Location
TSB Bank plc	Edinburgh
TSB Banking Group plc Employee Share Trust	Jersey
Duncan Holdings 2015-1 Limited *	London
– Duncan Funding 2015-1 plc *	London
Duncan Holdings 2016-1 Limited *	London
– Duncan Funding 2016-1 plc *	London
TSB Covered Bonds LLP	London
TSB Covered Bonds (LM) Limited	London
TSB Covered Bonds (Holdings) Limited	London

\* In liquidation

Source: Company report (annual report Dec 2020)

## Company management

Exhibit 7

### TSB Banking Group plc

Executive Committee	Current Title
Debbie Crosbie	Chief Executive Officer and Executive Director
Declan Hourican*	Chief Financial Officer and Executive Director
Marc Armengol	Corporate Strategy Director
Liz Ashford	HR Director
Robin Bulloch	Customer Banking Director
Guy Dunlop	General Counsel
George Gordon	Communications and Corporate Affairs Director
Carlos Paz	Chief Risk Officer
Vanessa Swanton	Chief Audit Officer
Suresh Viswanathan	Chief Operating Officer

\*Starting in September 2021

Source: Company report (annual report Dec 2020)

Exhibit 8

### TSB Banking Group plc

Board of Directors	Current Affiliation
Richard Meddings	Chairman
Lynne Peacock	Senior Independent Non-Executive Director
Mark Rennison	Independent Non-Executive Director
Elizabeth Chambers	Independent Non-Executive Director
Adam Banks	Independent Non-Executive Director
Andrew Simmonds	Independent Non-Executive Director
Alicia Reyes Revuelta	Non-Executive Director
Tomás Varela	Non-Executive Director and Sabadell Chief Financial Officer
David Vegara	Non-Executive Director and Sabadell Chief Risk Officer
Debbie Crosbie	Chief Executive Officer and Executive Director
Declan Hourican*	Chief Financial Officer and Executive Director

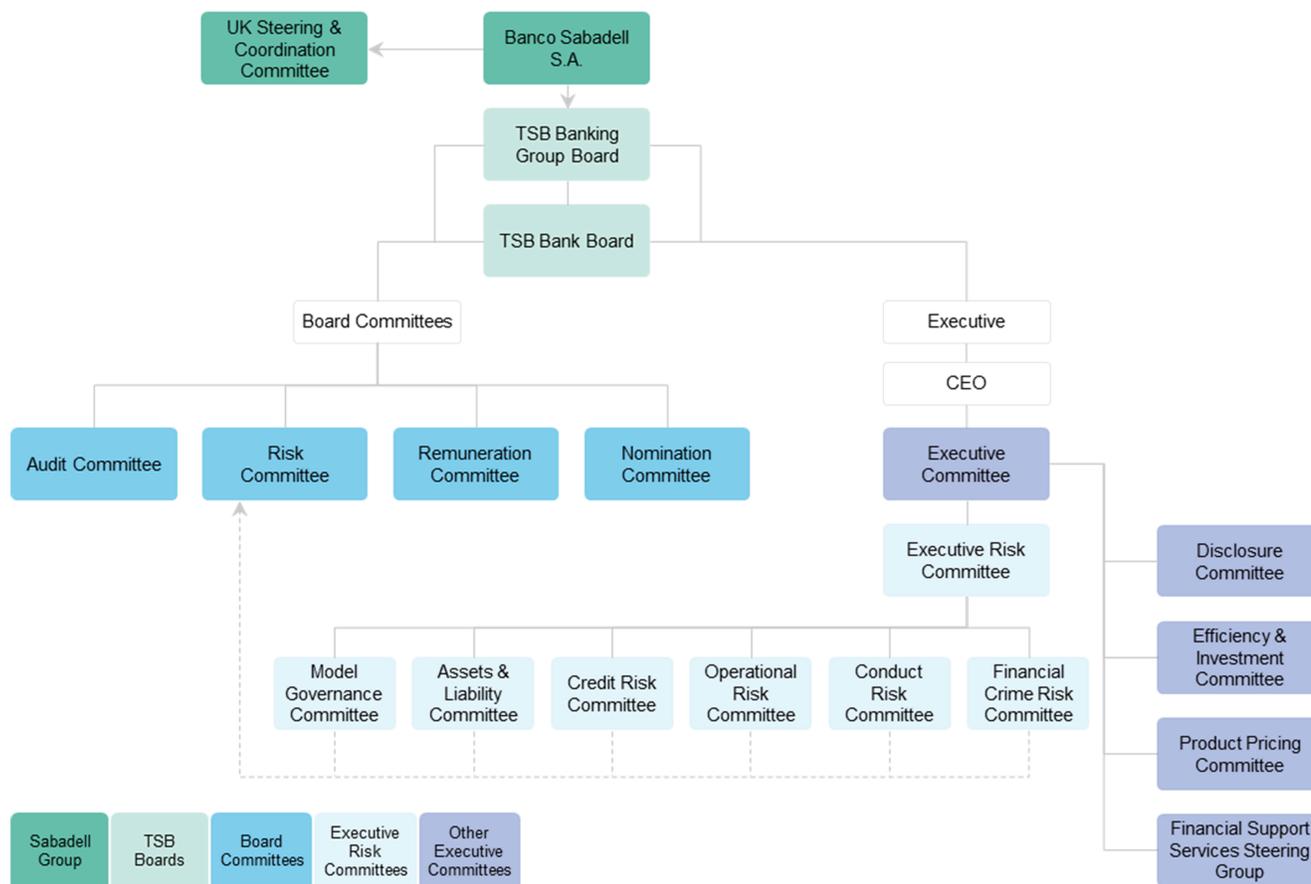
\*Starting in September 2021

Source: Company report

Exhibit 9

**TSB Banking Group plc**

Corporate Governance structure as on 31 December 2020



Source: Company report (annual report Dec 2020)

**Company history**

TSB was originally formed in 1810 and went through a number of iterations before merging with Lloyds Bank in 1995 to form Lloyds TSB.

Following a European Commission ruling that required Lloyds to divest a significant portion of its UK retail banking business as a condition to receive state aid, the TSB brand was resurrected and used for a segment of the Lloyds retail banking business that was moved to the TSB Bank legal entity in readiness for the divestment of the business. The new TSB began operating in 2013, and at the same time the remainder of Lloyds TSB was renamed Lloyds Bank plc.

In April 2014, TSBG, a wholly-owned subsidiary of Lloyds Bank plc, became the holding company of the TSB Group (TSB and its subsidiaries) by acquiring 100% of the issued share capital of TSB from Lloyds Bank plc, by way of a share-for-share exchange.

Post a failed acquisition of TSB by the Co-operative Bank, Lloyds Banking Group chose to divest the TSB business by way of an IPO and in June 2014, the ordinary shares of TSBG were listed on the premium segment of the London Stock Exchange with a free-float of 38.5%. In September 2014, the free-float increased to around 50.0% following a further partial sell-down by the Lloyds Banking Group.

On 30 June 2015, TSBG was completely acquired by the Spanish banking group Sabadell and subsequently in July 2015, the ordinary shares of TSBG were delisted from the London Stock Exchange.

Sources: Company reports (annual report and accounts Dec 2015 and Dec 2014, global covered bond programme prospectus Nov 2018), company data, Moody's Investors Service research

## Peer group

- » [Coventry Building Society](#)
- » [Leeds Building Society](#)
- » [Nationwide Building Society](#)
- » [Nottingham Building Society](#)
- » [Principality Building Society](#)
- » [Santander UK plc](#)
- » [Skipton Building Society](#)
- » [Yorkshire Building Society](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [TSB Banking Group plc](#)

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## Moody's related publications

### Issuer page on moodys.com

- » [TSB Banking Group plc](#)

### Credit Opinion

- » [TSB Banking Group plc: Update to credit analysis, April 2021](#)

### Industry Outlook

- » [Banking System Outlook Update – United Kingdom: Slow recovery, pressure on loan quality and profits drive negative outlook, March 2021](#)

### Sector In-Depth

- » [Banks – United Kingdom: Macro Profile — Strong +, October 2020](#)
- » [Banking – United Kingdom: FAQ Rating and outlook drivers for the large UK lenders, January 2021](#)

### Rating methodology

- » [Banks, March 2021](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

## Endnotes

- 1 UK MFIs, according to the Bank of England's definition, include all banks and building societies that have permission to accept deposits in the UK (including UK arms of foreign institutions).

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