



AA Application 2.23

DEFENCE MECHANISMS IN BBVA'S HOSTILE TAKEOVER BID FOR BANCO SABADELL

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At the end of April 2024, intense speculation arose following a communication by Sky News. BBVA might be attempting to acquire Banco Sabadell, an institution deeply rooted in Catalunya, particularly among small and medium-sized enterprises. This leak may have prompted BBVA to launch the operation immediately, officially announcing it on 9 May of the same year. Markets believed they were reliving the past, as in 2020 there had been significant approaches between the two institutions, which were even communicated to the Spanish National Securities Market Commission (CNMV), exploring a possible merger that was ultimately abandoned in November of that year.

The offer immediately generated multiple reactions. Banco Sabadell's top management, led by its CEO César González-Bueno, together with its Board of Directors, quickly described the takeover bid as insufficient, urging shareholders not to tender their shares and later openly declaring it hostile. Various public administrations, including the City Council of Sabadell, the Government of Catalunya, and the central Government of Spain, expressed concerns and opposition, mainly due to the potential impact on employment and the economic balance of the region. In a short period of time, the transaction began to be reviewed by the Spanish competence regulator, *Comisión Nacional de los Mercados y la Competencia* (CNMC).

Both entities took measures to prepare for this confrontation. In July 2024, BBVA carried out a reshuffle of its top management, creating two new business areas related to Retail Customers and Corporate Banking, both reporting directly to CEO Onur Genç, and notably appointing Paula Puyoles as Head of Communication. BBVA's media strategy focused on conveying to public opinion the potential of the hypothetical new entity ("Can you imagine what we could achieve together?"), while Sabadell opted for more emotional messages, emphasizing its ability to decide autonomously ("The power to choose is your power") and the importance of remaining independent ("We do very well on our own"). Both Sabadell and BBVA filed complaints against each other before Autocontrol for alleged misleading advertising, with limited results.

On 30 April 2025, after reviewing the case file, the CNMC approved the transaction subject to conditions, delivering mixed conclusions to the parties involved: while its decision stated that Sabadell is not irreplaceable as a bank for the SME segment, it raised doubts about the benefits of this business concentration for the final consumer. The pressure of the situation and the effectiveness of Sabadell's executives subsequently led to an unprecedented scenario: on 5 May 2025, the Spanish Government launched a public consultation open to all citizens regarding the appropriateness of the transaction. Although no quantitative or qualitative results from this consultation were ever published, the fact that it took place focused the public attention.

With the imminent start of the actual takeover period, during which shareholders would decide whether or not to sell their shares to BBVA, Sabadell's executives deployed all available measures in the summer





of 2025 to encourage rejection of the acquisition. In addition to communicating the unanimous opposition of its Board of Directors, Sabadell sold its British subsidiary TSB to Banco Santander, obtaining over €3 billion, and approved an extraordinary dividend of €2.5 billion derived from that sale, payable in 2026, which shareholders who tendered their shares in the takeover bid would not be entitled to receive. This move clearly reduced the attractiveness of the acquisition for BBVA, which nevertheless decided to proceed with the public offer.

The communication battle also reached the ties with Sabadell's institutional investors. Although BBVA representatives stated, after private contacts and a roadshow in London, that all of them accepted the rationale behind the acquisition favourably, Sabadell's management indicated that only half of these major shareholders would accept the specific terms. This left the final result in the hands of retail shareholders.

The ending of the takeover bid was confirmed on 16 October 2025 by the National Securities Market Commission. BBVA had secured only 25.33% of the share capital, well below even the 30% threshold that would have allowed the Basque bank to launch a new mandatory bid. Consequently, the transaction was deemed unsuccessful and the exchanges requested by shareholders were rendered null and void. Sabadell's resistance had proven effective.

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Date of application: June 2026

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