

Banco Sabadell's Board unanimously recommends shareholders reject BBVA's takeover bid, as it fundamentally undervalues Sabadell, and its future prospects

- **The Board of Directors met on 11 September, together with its financial advisers, Evercore, Goldman Sachs and Morgan Stanley, and issues its formal Board Opinion. The Board highlighted:**
- **The Board has full confidence in Banco Sabadell's growth strategy and its ability to deliver on its financial objectives, and believes that the offer destroys value for its shareholders.**
- **Banco Sabadell's strategy as a stand-alone bank will generate greater value and superior dividend distributions than under BBVA.**
- **Shareholders must carefully consider not only the economic terms of the offer but also the tax implications and risks in BBVA's shares.**
- **The valuation offered by BBVA is between 24% and 37% below Banco Sabadell's current fair value, and that is before applying any control premium.**
- **Shareholders who accept the bid and have capital gains on their investment will have to pay tax.**
- **Any Banco Sabadell shareholder who accepts the offer will forgo the extraordinary dividend of €0.50 per share scheduled to be paid in early 2026 from the sale of TSB.**

- **“BBVA’s ability to achieve synergies in the first three to five years is very limited and highly questionable given the management independence required during this period for both entities.”**

12 September 2025

Banco Sabadell’s Board of Directors has unanimously recommended that its shareholders reject BBVA’s share exchange offer, as it “significantly undervalues the bank, its strategic plan and its future prospects.” Banco Sabadell had already rejected merger proposals from BBVA in November 2020 and May 2024, and since then has delivered a much stronger stock market performance than its rival.

The bank today submitted its board report to the Spanish securities regulator (CNMV). Evercore, Goldman Sachs and Morgan Stanley acted as financial advisers.

The Board stated that it **“has full confidence in Banco Sabadell’s growth strategy and its ability to achieve its financial objectives, and considers that the offer destroys shareholder value**, while Banco Sabadell’s strategy as an independent bank will generate greater value and higher returns for its shareholders than integration with BBVA.”

An all-share offer with no cash-component and negative impacts

The report concludes that “the best option for shareholders is not to accept the offer” because, among other reasons, “the offer is below the current market price of Sabadell shares, **so acceptance would mean a loss of part of the current value of their investment**” (around 10% as of 10 September).

Furthermore, **“Banco Sabadell’s fundamental valuation is between 24% and 37% above the offer value** (depending on whether trading multiples or other fundamental valuation methodologies are applied), not including the control premium that should also be added.”

The Board highlights that, as this is a share exchange, “shareholders who accept the offer will cease to be shareholders of Banco Sabadell, which is focused primarily on Spain, one of the eurozone’s fastest-growing economies, where it generates 96% of its business volume and net profits, **and will become shareholders of BBVA, a bank deriving around 67% of its profit from emerging markets such as Mexico, Turkey and South America.**”

Another key argument is that “**Banco Sabadell, as an independent entity, will generate greater value and higher distributions for its shareholders**” than those projected by BBVA between 2025 and 2027. In that period, Banco Sabadell expects shareholder returns of around 37% of its current share price.

Tax implications from accepting the exchange

The report warns that although the offer is structured as a share exchange, **most shareholders domiciled in Spain may have to pay tax depending on the capital gains accumulated on their investment since purchase.** Almost all would face a tax bill higher than the cash amount BBVA is offering.

In addition, “**Banco Sabadell shareholders who accept the offer will forfeit the extraordinary dividend of €0.50 per share scheduled to be paid in early 2026**”, as “only shareholders of Banco Sabadell at the time of payment will receive this extraordinary dividend.”

By contrast, **those who do not tender their shares into the bid will remain shareholders of the bank**, which will continue to trade on the stock exchange, even if BBVA were to acquire more than 50% of the capital, since the two entities cannot merge for at least the next three to five years. The bank would maintain a high level of liquidity, comparable to other large IBEX 35 companies, meaning that investors would be able to buy and sell shares without restriction.

Risks and uncertainties for shareholders who accept the bid

The Board addresses throughout the report a series of risks that shareholders who accept BBVA's offer may face. On the one hand, **it points out that BBVA is largely established in emerging markets**, which means it has a higher cost of capital, significant volatility in its results due to the cost of currency devaluations in the countries where it operates, and greater geopolitical risk, all of which together may affect its future profits.

On the other hand, **it notes that this transaction could create capital inefficiencies for BBVA and put downward pressure on its share price**, while its increased size could lead the authorities to impose higher capital buffer requirements that may affect its ability to remunerate shareholders.

It also notes **that those who accept the bid will face an approximate period of 22 days of illiquidity in their shares**, meaning that whatever happens in the markets, they will not be able to trade them from the time the acceptance period closes until BBVA delivers its new shares. This circumstance is particularly relevant "in a context of high risk".

The Board pays particular attention to the risk that BBVA may decide to hold a stake in Banco Sabadell of between 30% and 49.9% (if it reaches that level), as this would oblige it to launch a second takeover bid, this time in cash, and **"the Sabadell shareholder who had accepted the current offer would be assuming the risk of the second bid, which would require a capital increase in an amount that could be very significant"** and which would pose a risk of a fall in its share price, potentially a substantial one.

Likewise, such a shareholder would not be able to benefit from this second cash bid, but would still bear all of its risks, the report notes, adding that all this information would only become available when shareholders could no longer withdraw their decision to sell, so they must assess this risk in advance.

Finally, the Board devotes a significant part of the report to highlighting that the projections presented by BBVA in the transaction prospectus do not match its own calculations and recommends that shareholders “treat all of BBVA’s synergy forecasts with the utmost caution.” Specifically, regarding BBVA’s synergy forecasts, the Board states that they are “**not realistic during the term of the Council of Ministers’ agreement,**” given the requirement for independence and management autonomy imposed on both entities for at least the next three to five years, as well as the commitments made by BBVA with the National Commission on Markets and Competition (CNMC).

The synergy and restructuring cost forecasts managed by BBVA involve “a high degree of uncertainty, given the prolonged time horizon for their implementation,” according to Banco Sabadell’s Board of Directors, which emphasises that “there is no certainty that the merger will go ahead” and, therefore, no certainty that such synergies will be achieved through this transaction.

In addition, BBVA does not include in its calculations the impact of the negative synergies that the transaction would likely entail, which could arise from competitors seeking to attract customers of entities undergoing integration; from the loss of loyal Banco Sabadell customers in response to the hostile bid; or from a reduction in revenues due to limits on the concentration of risk with large clients, among other factors.

Nota de prensa



Dirección de Comunicación
sabadellpress@bancsabadell.com

@SabadellPrensa
@SabadellPrensa
@SabadellPress



Compromiso
Sostenible