Spanish owner of TSB at centre of BBVA merger speculation

The Spanish owner of TSB, one of Britain's biggest high street lenders, was on Tuesday at the centre of speculation that it is being targeted for a takeover by the giant banking group BBVA.

Sky News understands that BBVA is at the early stages of working with advisers on evaluating a potential all-share bid for Sabadell.

City sources said that investment bankers at JP Morgan were advising BBVA on its interest in Sabadell, with UBS also said to be involved in an advisory capacity.

It was unclear whether any formal approach had yet been made by BBVA to its smaller rival, although one source said highly preliminary talks had taken place between executives at the top of the two institutions.

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If confirmed, a takeover would create a Spanish-headquartered banking giant with a market capitalisation of over €72bn (£61.5bn).

It would also raise new questions about the future ownership of TSB, which Sabadell has considered selling in the past.

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In 2021, however, it rejected an offer for TSB from the Co-operative Bank – which itself is now in the process of being acquired by the Coventry Building Society.

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BBVA has a relatively limited presence in the UK, although it does own a large stake in Atom Bank, the digital-only lender.

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The two Spanish banks held merger talks in 2020, but the negotiations collapsed amid a disagreement over price.

BBVA has been contacted for comment, while a Sabadell spokeswoman denied that it was in any talks with its larger rival or that it had hired advisers in relation to a combination with BBVA.