The Board of Directors of Unicaja Banco and Liberbank approve the merger project

- **The transaction results in the creation of the fifth Spanish bank in terms of assets (over 109 billion euros), with a sound and quality balance sheet and with a broad and diverse presence across the country, being a bank of reference in six Autonomous Communities**

- **The merger will allow the combined entity to gain size to face in the best possible way the challenges of the industry, including those arising from the financial and economic environment, as well as the transformation and digitalization process**

- **The new bank, which will maintain the corporate name of Unicaja Banco and will be headquartered in Malaga, aims to provide value to shareholders, improving profitability, as well as to improve the offering and quality of service to customers and to continue supporting the country's economic recovery, while maintaining as shared values closeness and commitment to regions**

- **The combined entity expects to reach recurring annual cost savings of c.192 million euros, leading to a significant improvement of the cost-to-income ratio of approximately 11 percentage points**

- **Due to the starting solid solvency position of both Unicaja Banco and Liberbank, the combined entity, after important provisioning to accelerate NPA reduction, is expected to reach a fully loaded CET1 ratio of 12.4%, the highest among the listed banks, to be the first in NPA coverage (67%) and the second listed bank with the lowest NPL ratio (3.8%)**

- **Additionally, the generation of synergies will allow to increase the benefit per share of both banks in around 50% vis-à-vis the market estimations for 2023**

- **The new group reinforces its position in retail banking across the country, with over 4.5 million customers and significant market shares for the main products**

- **The transaction is subject to approval by the General Meeting of Shareholders of both institutions, as well as to the mandatory regulatory authorizations**

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30 December 2020

The Boards of Directors of Unicaja Banco and Liberbank approved yesterday the merger project under which Unicaja Banco will absorb Liberbank. Under the transaction, Liberbank shareholders will receive newly issued Unicaja Banco shares in the following ratio: 1 Unicaja Banco share per each 2.7705 Liberbank shares.

The transaction involves the creation of the **fifth bank** in the Spanish financial system in terms of assets, with a broad and diversified presence across the country and a **strong position in six Autonomous Communities**, a sound and quality balance sheet and a professional team with broad experience in generating value for shareholders through integration projects.

The transaction will allow the combined entity to **gain size** to face in the best possible way the challenges of the industry, including those arising from the economic environment, the current interest rates –with historic low records-, as well as the ongoing transformation and digitalization process. The combined entity is expected to reach recurring cost savings of nearly **192** million euros per year (in full from 2023), significantly **improving** the **cost-to-income ratio**.

Due to the starting **solid solvency position** of both Unicaja Banco and Liberbank, the combined entity, after important provisioning to accelerate NPA reduction, is expected to reach a fully loaded CET1 ratio of 12.4%, the highest among the listed banks as per September 2020 data, to be the **first in coverage** (67%) and the **second listed bank with the lowest NPL ratio** (3.8%). The transaction will allow the combined entity to **significantly improve its profitability** vis-à-vis market outlooks and to improve by c.11 percentage points its cost-to-income ratio. Likewise, the generation of synergies will result in the **increase of the benefit per share** of both banks by c.50% with regards to the market estimations for 2023.

The new bank, which will **maintain the corporate name** Unicaja Banco and will be **headquartered** in Malaga, aims to provide value to shareholders, improving profitability, as well as to improve the offering and quality of service to customers and to continue supporting the country's economic recovery, while maintaining as shared values closeness and commitment to regions. The Executive Chairman will be Manuel Azuaga, currently Executive Chairman of Unicaja Banco, and the CEO will be Manuel Menéndez, currently CEO of Liberbank.

The transaction is **subject to approval** by the General Meeting of Shareholders of both banks, expected to be held in the first quarter of 2021, as well as to the mandatory regulatory authorizations, which are expected to be received in the end of the second quarter or early third quarter 2021.

Transaction description

Considering the established **exchange ratio**, Unicaja Banco shareholders will hold 59.5% of the new entity's share capital and Liberbank shareholders will have 40.5%.

Manuel Azuaga remarked that 'with the merger we constitute the fifth Spanish bank in terms of assets, leading in six Autonomous Communities, with a position of financial strength and a larger size to better face the challenges of the industry, and to continue providing support to the country's economic recovery, while maintaining closeness and commitment to the regions as shared values of both banks and on the path of good corporate governance practices'.

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Manuel Menéndez remarked that 'the transaction intends to provide value to shareholders, customers and employees, improving efficiency and profitability, and it allows to reinforce the market position in retail banking, with a sound and quality balance sheet, while continuing supporting families and businesses in their financial needs'.

Positioning in the Spanish financial system

The combined entity will exceed 109 billion euros in **total assets**, becoming the fifth largest bank by assets in the Spanish market.

The new group **reinforces its position in retail banking** in Spain, with more than 4.5 million **customers** and substantial market shares in all key products: deposits (4.7%), loans (4.2%) and off-balance sheet items (3.3%).

The combined entity will be present in **80% of the national territory**, being the **best-in-class in Andalusia, Extremadura, Castilla y León, Castilla-La Mancha, Cantabria and Asturias** and with capacity to compete in other markets such as Madrid, where the banks have a traditional presence. The will to maintain **closeness and commitment** to the regions and the confidence in service to customers shown by Unicaja Banco and Liberbank remain as part of the shared values.

Strategic sense of the transaction

The transaction constitutes a **value creation project** for customers and shareholders, improving the efficiency and profitability levels from a solid customer base, diversified both by sectors and geographically, with access to a single distribution platform and an enhance range of products and services.

The transaction will allow the combined entity to gain size to face in the best possible way the challenges of the industry, including those arising from the economic environment and the current interest rates, as well as the ongoing transformation and digitalization process. The combined entity is expected to reach **recurring cost savings** of approximately **192** million euros per year (in full from 2023), what will allow to significantly improve the cost-to-income ratio by 11 percentage points.

Leaders in balance sheet quality

The **solid capital position** of both entities prior to the transaction will allow to absorb the restructuring costs and to make important provisions in an accelerated way to increase the pace of NPA reduction. The fully loaded CET1 ratio of the Combine Entity will stand at 12.4%, the highest among the Spanish listed banks, substantially above -420 bp- regulatory requirements, and it is expected to increase with the migration to advanced capital models once the corresponding ECB authorizations are received.

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Furthermore, after the additional provisions under the transaction, the combined entity is expected to have the **highest NPA coverage in Spain** (67%) and the **second lowest NPL ratio among the listed companies** (3.8%).

The generation of synergies will allow to **increase the BPS** of both entities by nearly 50% vis-à-vis market estimations for 2023.

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Banco believes that there are certain APMs, which are used by the Group's management in making financial, operational and planning decisions, which provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the accounting regulations that applies (IFRS EU), in assessing its performance. These APMs are consistent with the main indicators used by the community of analysts and investors in the capital markets.

The proposed transaction relates to the financial instruments of Unicaja Banco and Liberbank, S.A. ("**Liberbank**"), both companies incorporated in Spain. Information distributed in connection with the proposed transaction and the related shareholder vote is subject to Spanish disclosure requirements that are different from those of the United States. Financial statements and financial information included herein are prepared in accordance with Spanish accounting standards that may not be comparable to the financial statements or financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws in respect of the proposed transaction, since the companies are located in Spain and some or all of their officers and directors are residents of Spain. You may not be able to sue the companies or their officers or directors in a Spanish court for violations of the U.S. securities laws. Finally, it may be difficult to compel the companies and their affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the companies may purchase shares otherwise than under the proposed transaction, such as in open market or privately negotiated purchases, at any time during the pendency of the proposed transaction.

The ordinary shares of Unicaja Banco have not been and are not intended to be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States of America except pursuant to an applicable exemption from the registration requirements of such Act.