

MERGER PROJECT

UNICAJA BANCO – LIBERBANK

30 December 2020

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Highlights



- Exchange ratio implies Unicaja Banco shareholders to have **59.5%** of voting rights in the Combined Entity and Liberbank's **40.5%**

- **5th largest bank in the Spanish sector** with **c.€110bn** in assets and **>4.5 million clients**
- **Geographical complementarity** and a strong position in 6 Autonomous Communities, with limited overlap

- Similar business profiles with **low risk balance sheets** and **limited exposure to Covid affected sectors**
- **Prudent NPA provisioning approach** reinforced with **€0.4bn** additional provisions
- **Leading coverage levels post-transaction** with **67% NPA coverage**

- **FL CET1 ratio 12.4%** (ex-IRB models), **the highest among the Spanish listed banks¹ after €1.2bn** of adjustments
- Additional **+0.5% CET1** when **partial IRB models implementation²** is accomplished during 2021

- **€192m³ recurring annual cost savings** (pre-tax)
- **2023E RoTE ~6%⁴**
- **2023E EPS accretion of c.57%⁵ for Unicaja Banco and c.43%⁵ for Liberbank's shareholders**

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Defying structural challenges



Current sector challenges



Weak macroeconomic prospects



COVID impact on credit quality



Low interest rate environment



Higher regulatory requirements



Increasing industry digitalization and required technological investments



Increased sector concentration



Benefits of the transaction



Greater scale



Low risk portfolio with limited COVID exposure



Greater efficiency through significant cost savings



Increased capacity to remunerate shareholders



Shared investments in digitalization



Improved access to debt and capital markets

Positive impact on all stakeholders



Shareholders

- ✓ Improvement of profitability
- ✓ Increased organic capital generation to enable growth
- ✓ Higher recurrent dividends due to higher EPS with a comfortable capital position



Customers

- ✓ Accessibility, customized services and high financial inclusion
- ✓ Business model based on client proximity resulting in high customer satisfaction and loyalty
- ✓ Best in class bank with leading presence in home regions



Employees

- ✓ Increased ability to attract talent as well as enhanced training and development capabilities for current employees through new opportunities



Community

- ✓ Presence in rural areas
- ✓ Foundations to have greater financial capacity to invest in community
- ✓ Combined Entity to be highly committed to sustainability and green economy

Common culture enables an easy integration

Diverse ownership structure with considerable weight of institutional shareholders



Combined Entity shareholder structure⁽²⁾



Cultural fit

Both entities have shown:

- Focus on retail client base
- Similar business strategies and corporate goals
- High brand recognition in home regions
- Historical mission to provide social impact on its communities

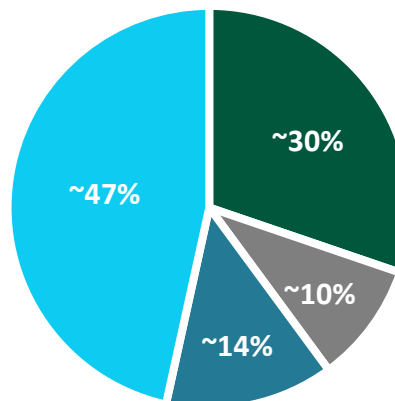
59.5%



Unicaja Banco

40.5%

Liberbank



Unicaja Banking Foundation



Liberbank Foundations¹



Institutional investors >3% stake



Other investors

Balanced and diversified shareholder base, ensuring future contribution to society

Shared corporate governance

Complying with governance best market practices

Combined Entity Board of Directors

Executive

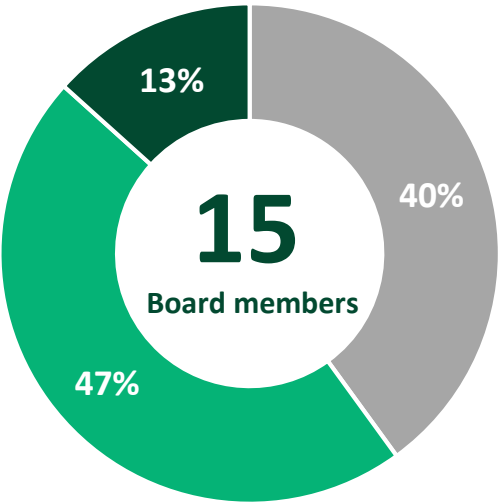
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Independent

6

Proprietary

7



Other matters

Main Board of Director's executive members⁽¹⁾



Executive Chairman: **Manuel Azuaga**



CEO: **Manuel Menéndez**



Corporate name

Unicaja Banco



Registered address

Málaga

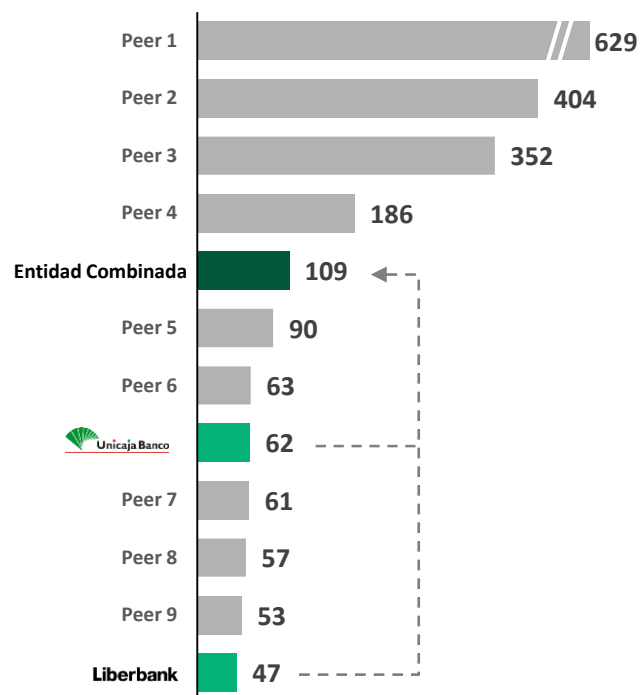
The Combined Entity will preserve its links with its home markets

Great geographical complementarity

The Combined Entity will become the 5th largest bank in Spain in terms of total assets having presence across c.80% of the Spanish territory

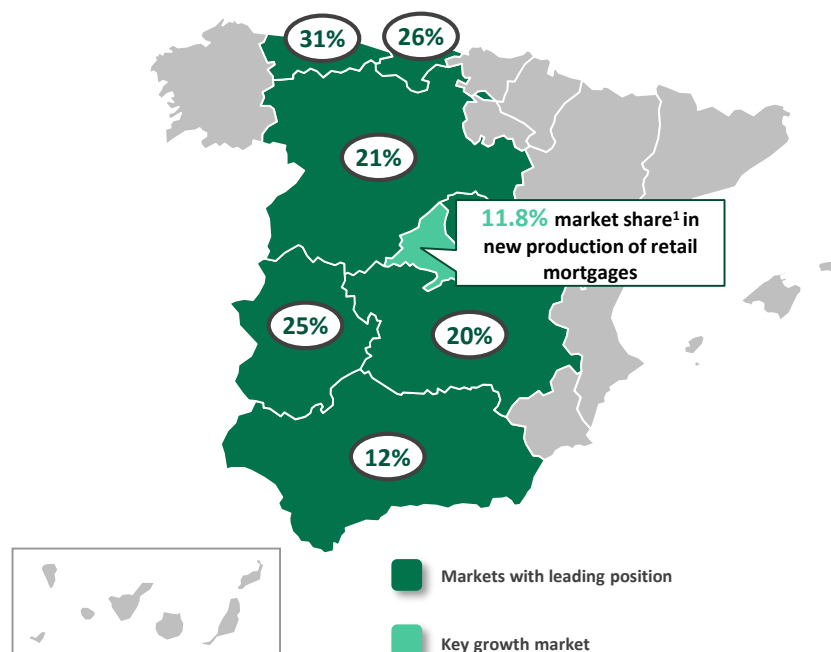


Top Spanish banking groups by total assets (€bn)



Market share by customer deposits

As of June 2020²



Improved market access

The Combined Entity will benefit from better equity and debt market access

Better access to equity markets:



Larger market capitalization



Larger liquidity



Improved visibility towards investors



More research coverage activity

The combination of both entities will facilitate accessing debt markets thanks to:



Greater interest from institutional investors



Larger size of future issuances enhancing liquidity



Improved terms for securities' issuances



Sizeable availability of liquid assets

Unicaja Banco + Liberbank combined overview

Combined Entity to hold c.€110bn assets



Combined Entity main metrics contribution

As of September 2020



Unicaja Banco

Liberbank

Total assets	€62bn	€47bn
Gross customer loans	€28bn ⁽⁴⁾	€27bn
Customer deposits	€40bn	€27bn
Off-balance sheet items ²	€13bn	€6bn

Unicaja Banco + Liberbank

Total amount

Market share

€109bn	3.9% ¹
€55bn	4.2% ¹
€67bn	4.7% ¹
€19bn	3.3% ³



Combined Entity other key metrics

As of September 2020



Clients (m)	+4.5
Branches (#)	+1,500
FTEs (#)	+9,800



Unicaja Banco

Liberbank

Source: quarterly financial reports, Bank of Spain, Spanish Banking Association, Inverco and ICEA / Notes: (1) Numerator as reported by Unicaja Banco and Liberbank in their quarterly report and denominator corresponding to system deposits and credit published by Bank of Spain; (2) Including mutual funds, pension plans and life savings technical provisions; (3) Numerator includes mutual funds, pension plans and life savings technical provisions as reported by Unicaja Banco and Liberbank in their quarterly report and denominator corresponding to Inverco and ICEA reported data; (4) Including repos

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Transaction terms



Key merger items

Merger by absorption of Liberbank into Unicaja Banco

Exchange ratio: Unicaja Banco to issue **1 new ordinary share for every 2.7705** Liberbank shares

- Unicaja Banco to issue **c.1,075m¹ new shares in exchange for Liberbank 100% share capital**
- Resulting structure is **59.5% and 40.5% of the share capital for Unicaja Banco and Liberbank shareholders respectively**

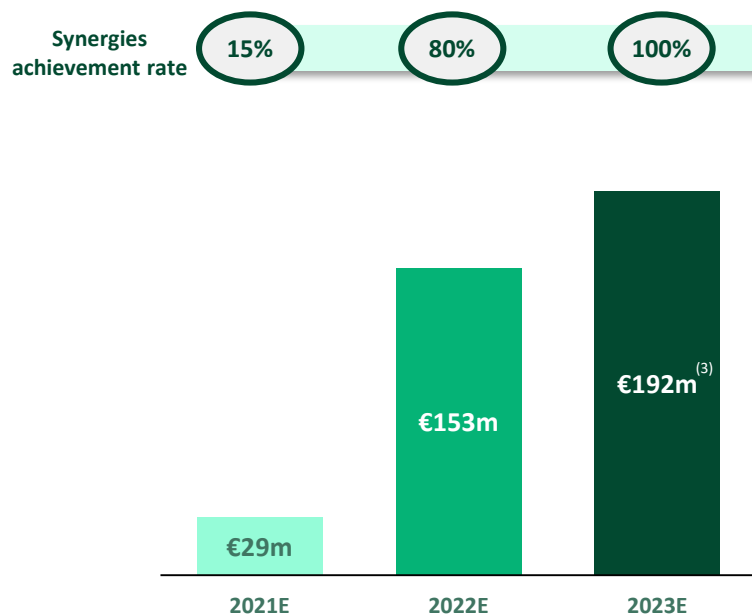
Transaction subject to Shareholders General Meetings and Regulatory authorisations

Greater efficiency through expected cost savings

Annual pre-tax cost savings expected to reach c.€192m by 2023E

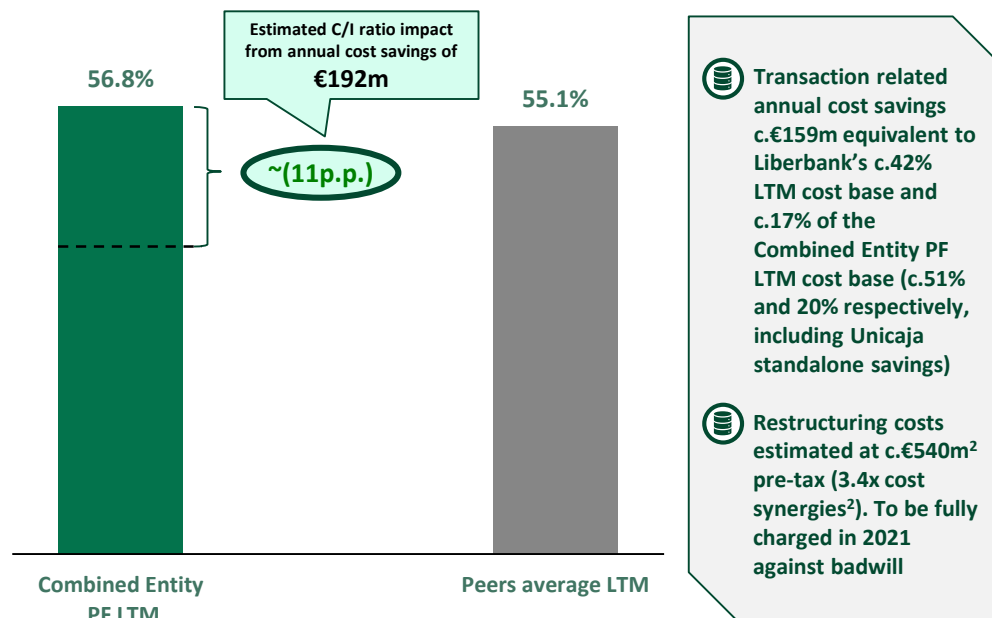


Illustrative annual cost savings (pre-tax) (€m)



Significant improvement of cost-to-income¹ ratio post-adjustments

As of September 2020

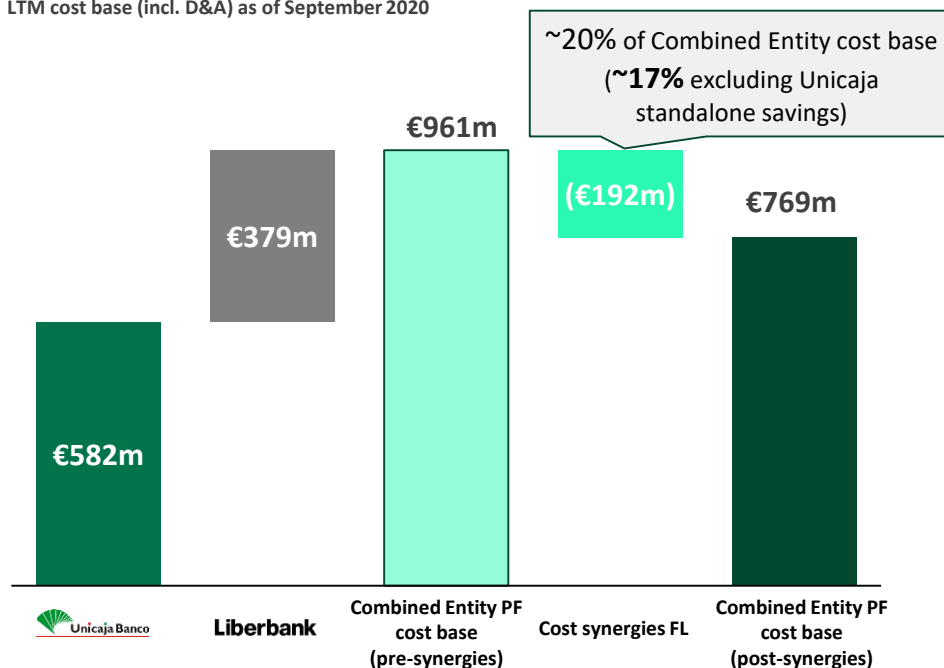


Cost synergies arising from enhanced economies of scale

Significant expected cost synergies vis-à-vis precedent transactions

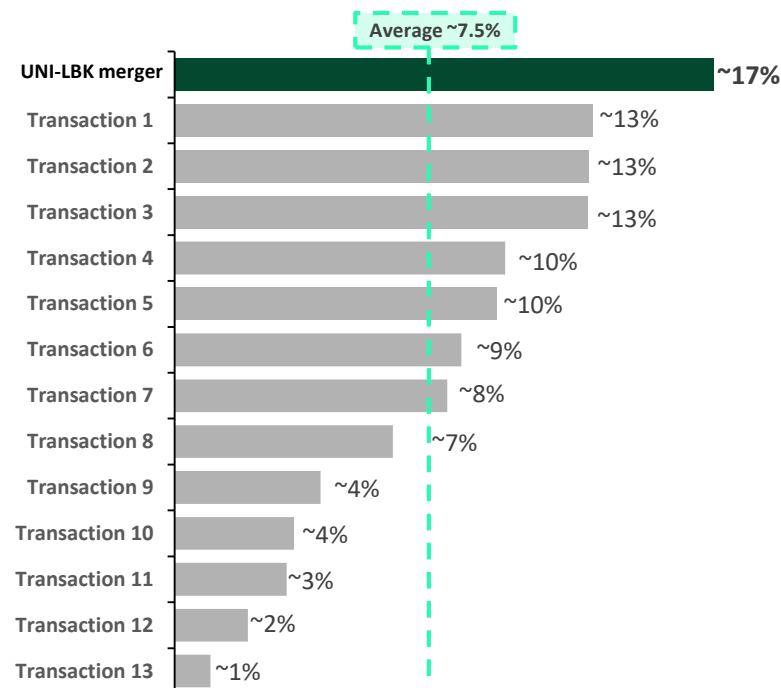
Cost synergies as % of Combined Entity cost base

LTM cost base (incl. D&A) as of September 2020



Precedent transactions announced synergies⁽¹⁾

(Cost synergies as % of combined cost base incl. D&A)



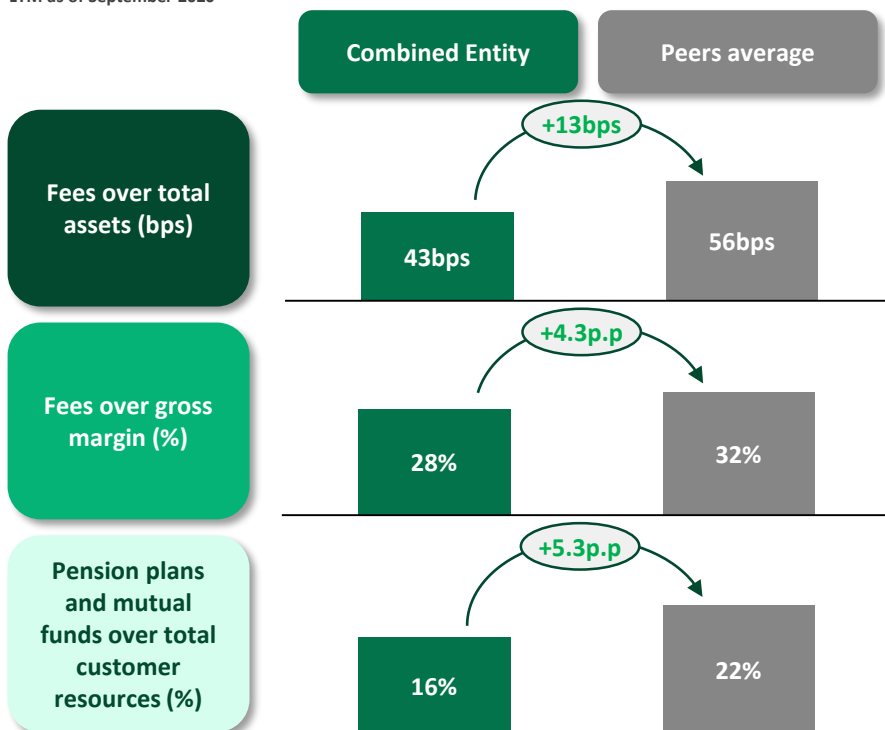
Revenue synergies potential

Ample room to generate revenue synergies (not included in the financial projections),
with very limited clients' attrition risk



Significant potential to close the gap with competitors...

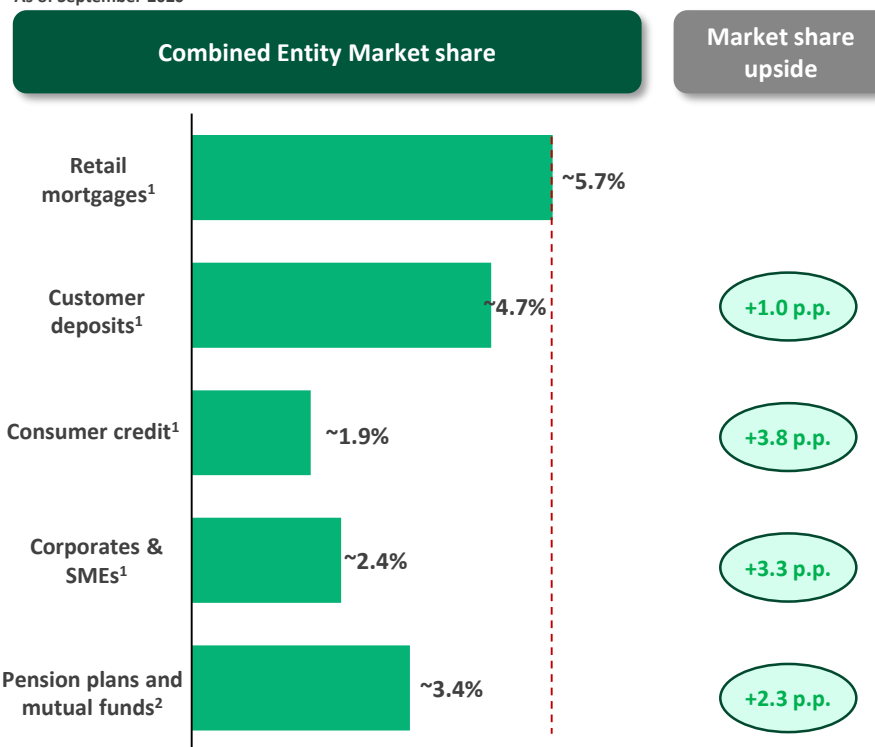
LTM as of September 2020



...by increasing our market share in non-traditional segments



As of September 2020



Potential upside

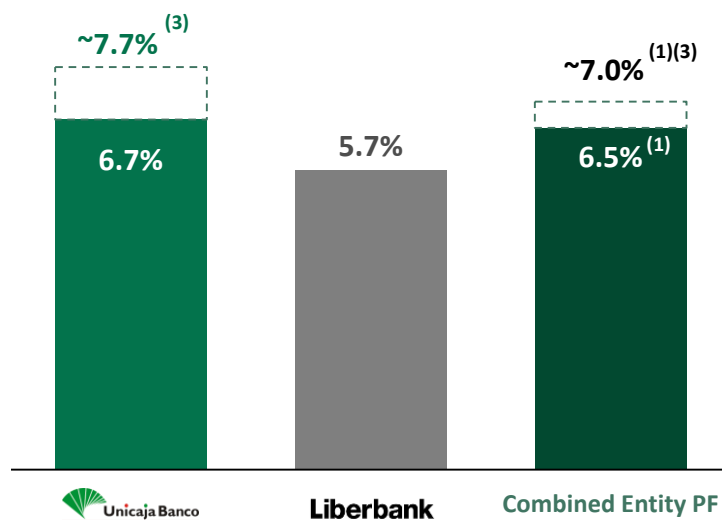
Excess capital redeployment

Deployment of excess capital to improve efficiency and NPA reduction



Fully loaded CET1 buffer pre-transaction adjustments (%)⁽⁴⁾

(over 2020 SREP)



Expected impact from Unicaja Banco's partial IRB implementation approval⁽³⁾



Transaction capital adjustments

(pre-tax impact)

- Restructuring costs (€0.5bn)
- NPAs additional provisions (€0.4bn)
- Others² (€0.2bn)

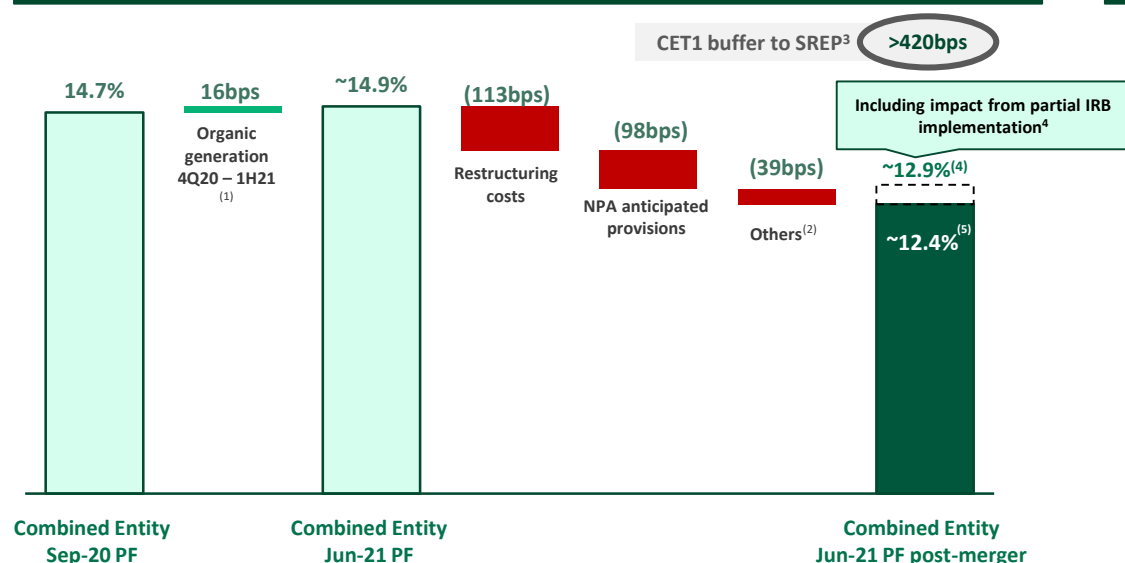
Total capital adjustments (€1.2bn)

Solid solvency post-transaction (1/2)

CET1 FL ratio post-transaction substantially above regulatory requirements (>420bps³ ex-IRB models)

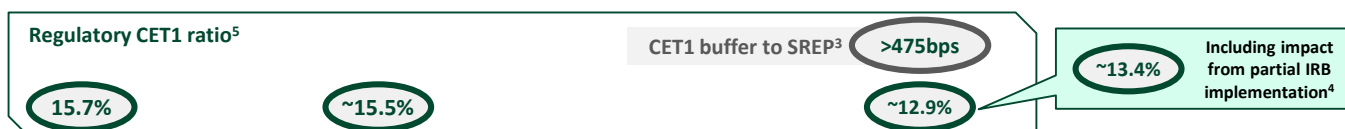
Transaction impacts on the Combined Entity FL CET1 ratio

Post-merger solvency target



IRB models still to be implemented. Process in progress for their implementation during 2021

Ratio CET1 FL >12.5%



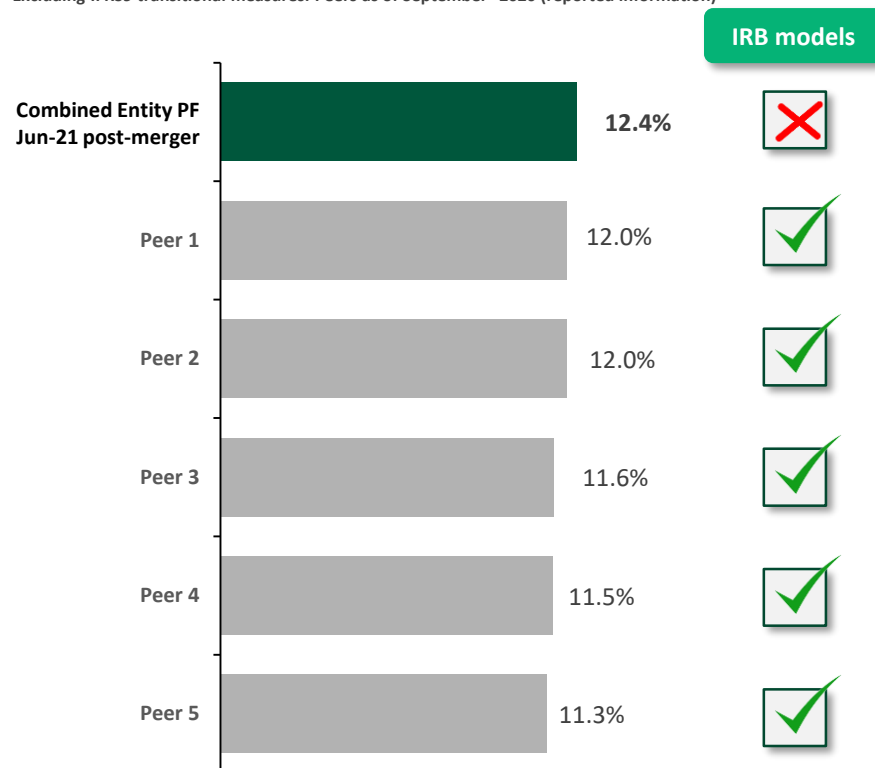
Combined Entity expects to be comfortably within solvency target range going forward

Solid solvency post-transaction (2/2)

Highest FL CET1 ratio and second highest FL buffer to SREP among the listed peers post-transaction

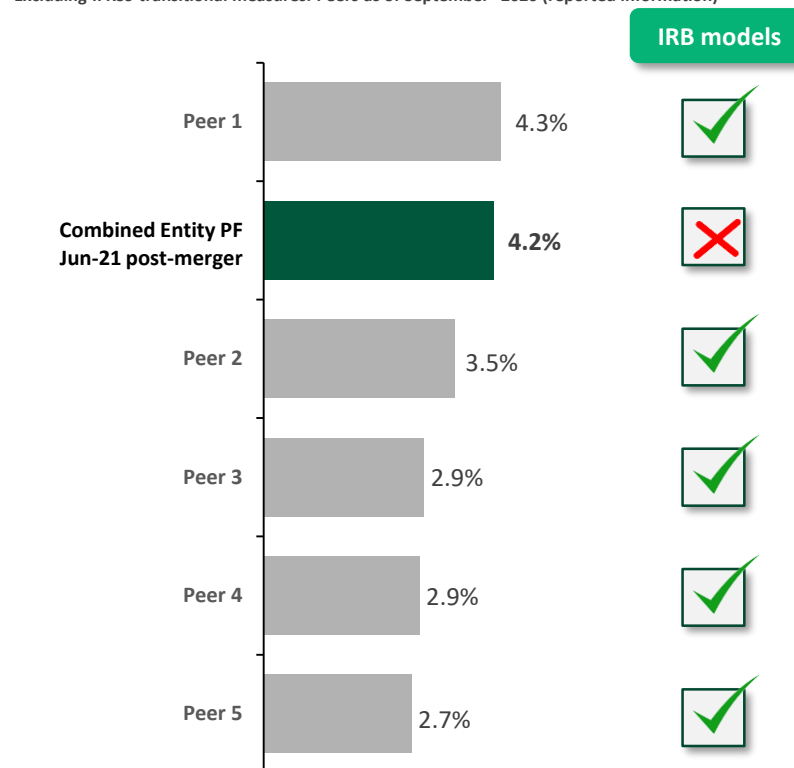
Listed peers' CET1 ratio Sep-20

Excluding IFRS9 transitional measures. Peers as of September¹ 2020 (reported information)



Listed peers' CET1 FL ratio buffer over SREP² Sep-20

Excluding IFRS9 transitional measures. Peers as of September¹ 2020 (reported information)

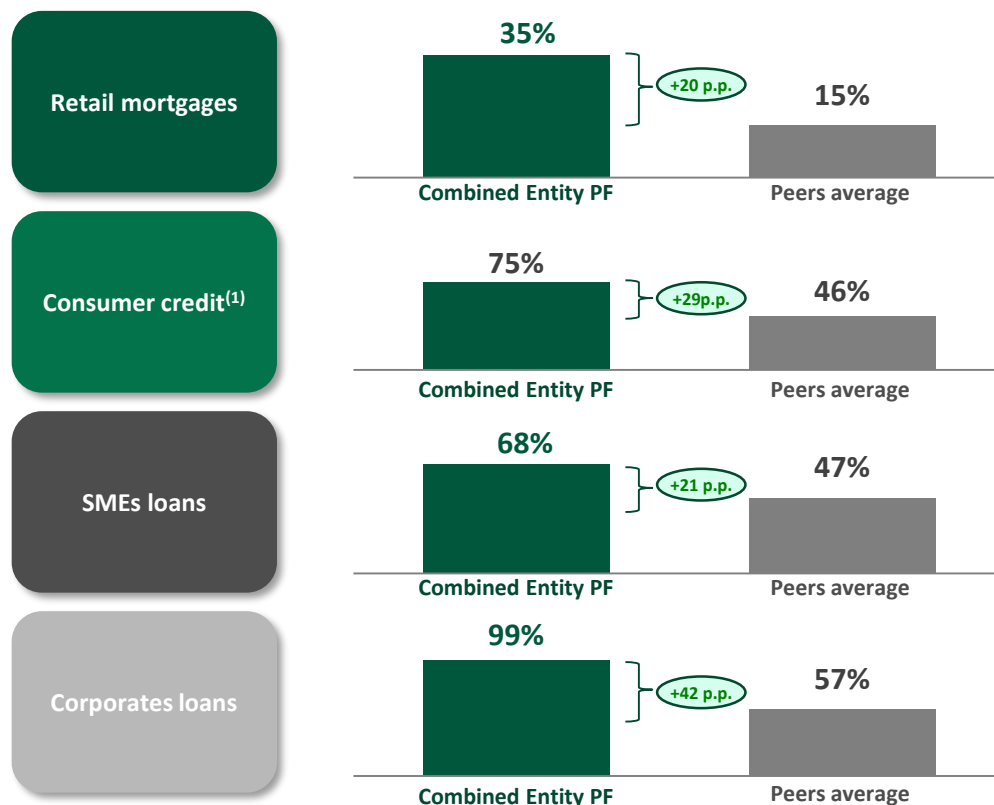


Closer implementation of IRB models

Both entities are progressing on IRB models' migration process



RWAs credit portfolio density



IRB models partial short-term approval²

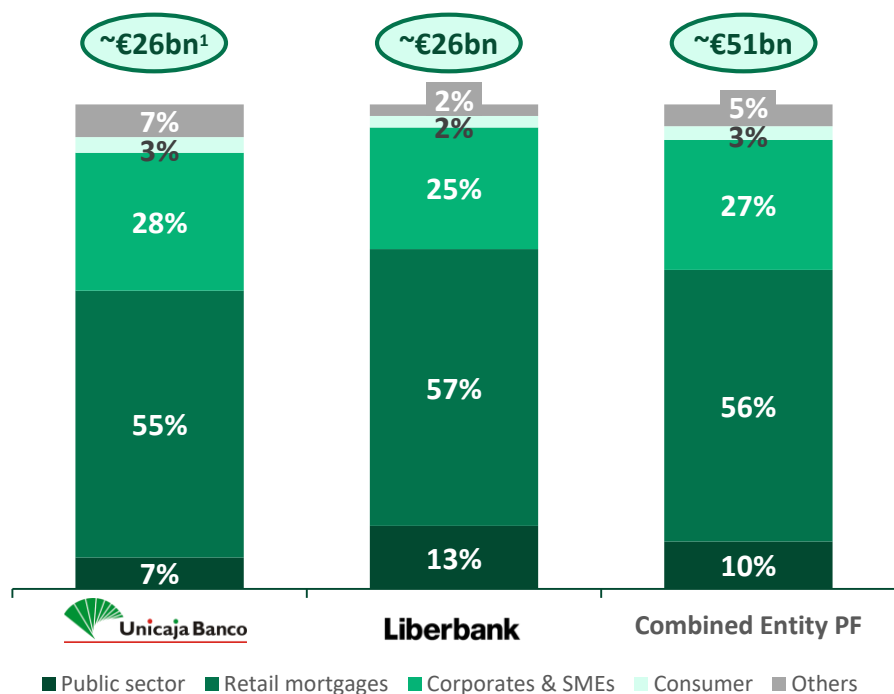
	Unicaja Banco	Liberbank
	Short-term	Medium term
	Short-term	Medium term
	Medium term	Medium term
	Medium term	Medium term

Prudent approach with a low risk portfolio

~66% of loan book with very low risk (retail mortgages and public sector)

Combined Entity performing loan book highly exposed to retail mortgages...

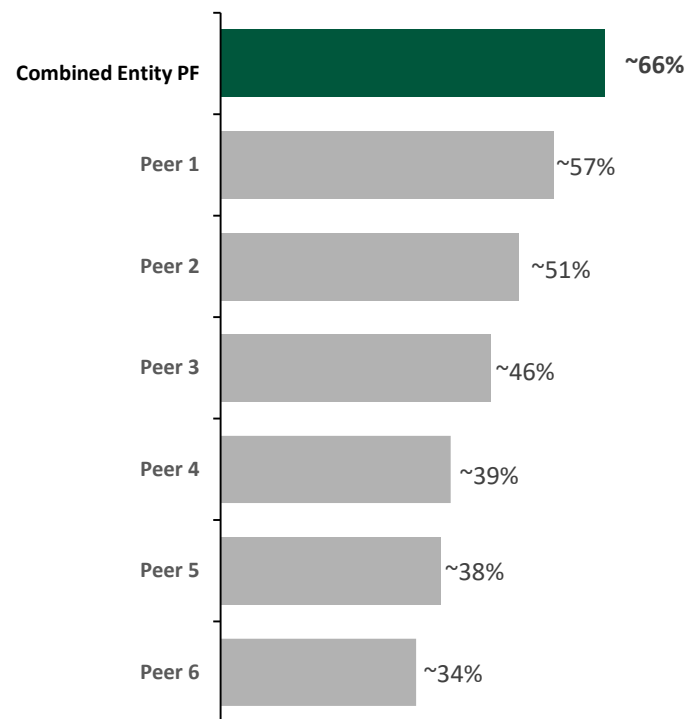
Performing loan book as of Sep-20



...with a substantially lower risk profile than its peers



Loans book exposure² to retail mortgages and public sector as of Sep-20

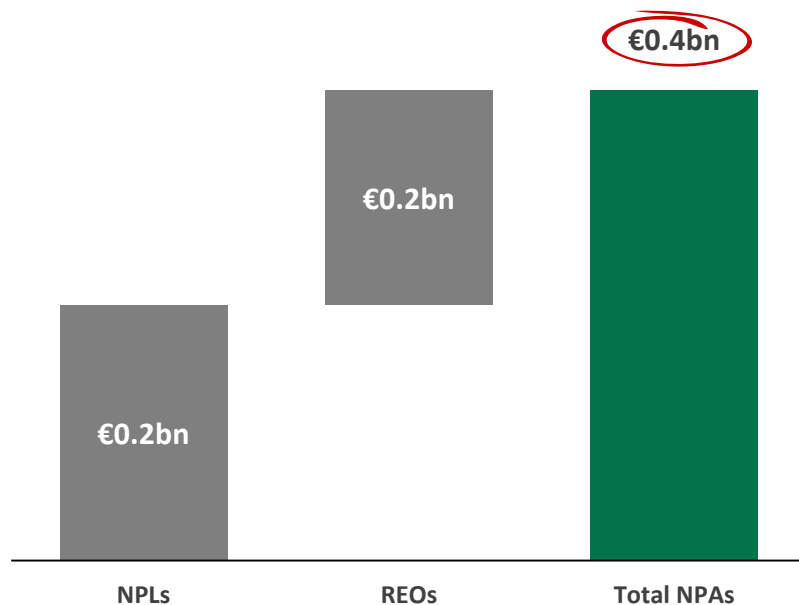


Reinforced NPA coverage (1/2)

Sound balance sheet after significant NPAs coverage increase

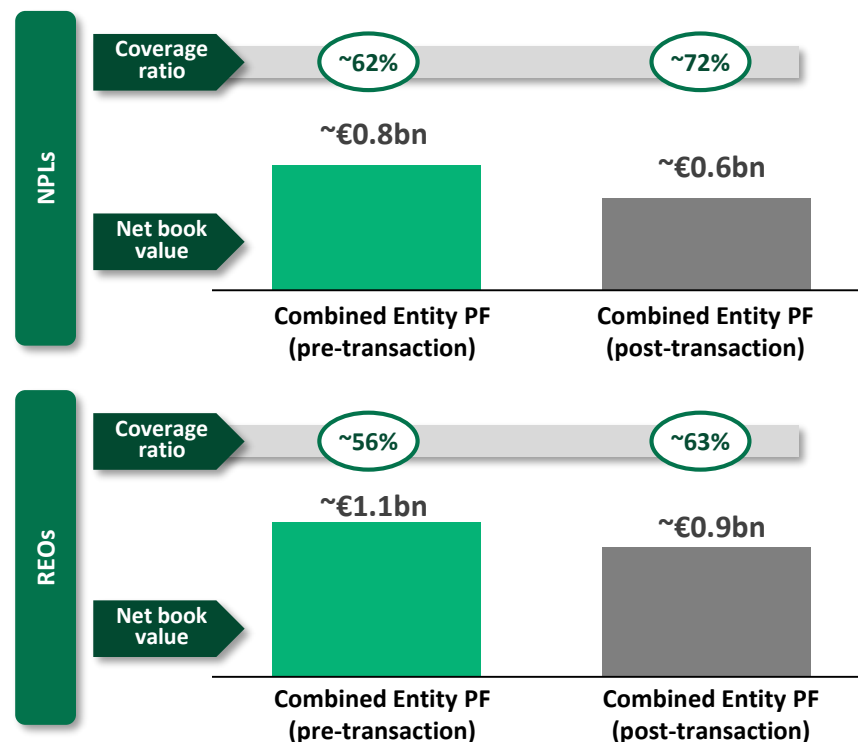


NPAs anticipated provisions (pre-tax)



NPAs net book value reduction (Sep-20)

Net book value (€bn) and coverage ratio (%)



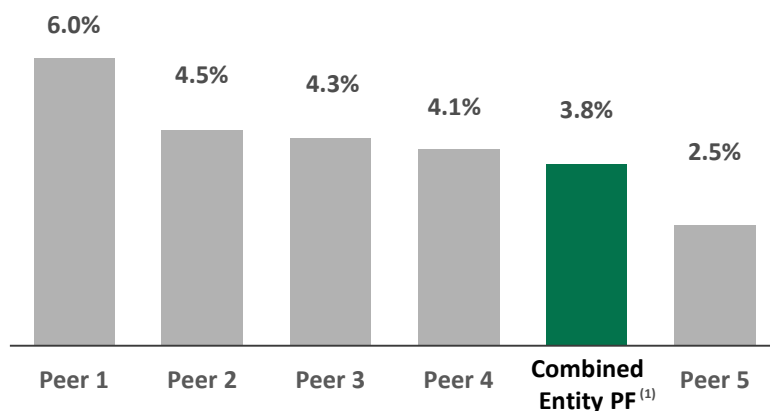
Reinforced NPA coverage (2/2)

Best-in-class provisioning levels after an extraordinary effort to reinforce the Combined Entity's coverage



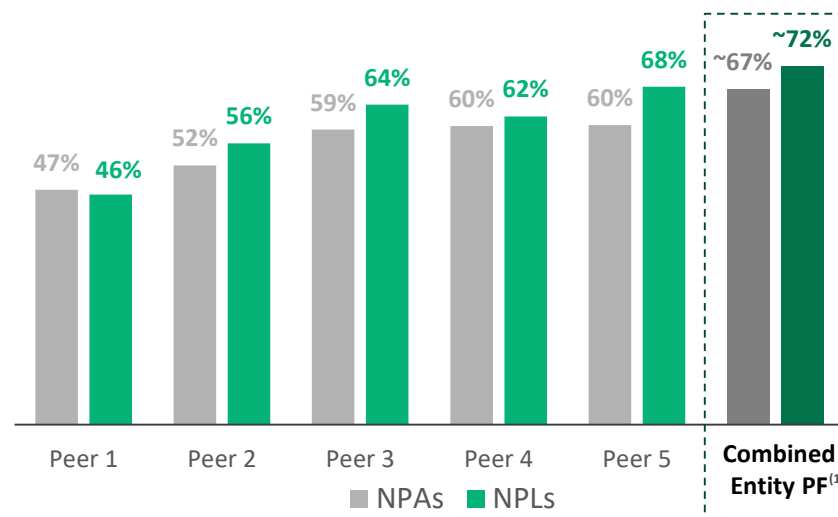
NPL ratio vs. peers

Figures as of September 2020



NPAs and NPLs coverage vs. peers

Figures as of September 2020



Highest NPA coverage ratio and second lowest NPL ratio among listed peers after anticipated provisions

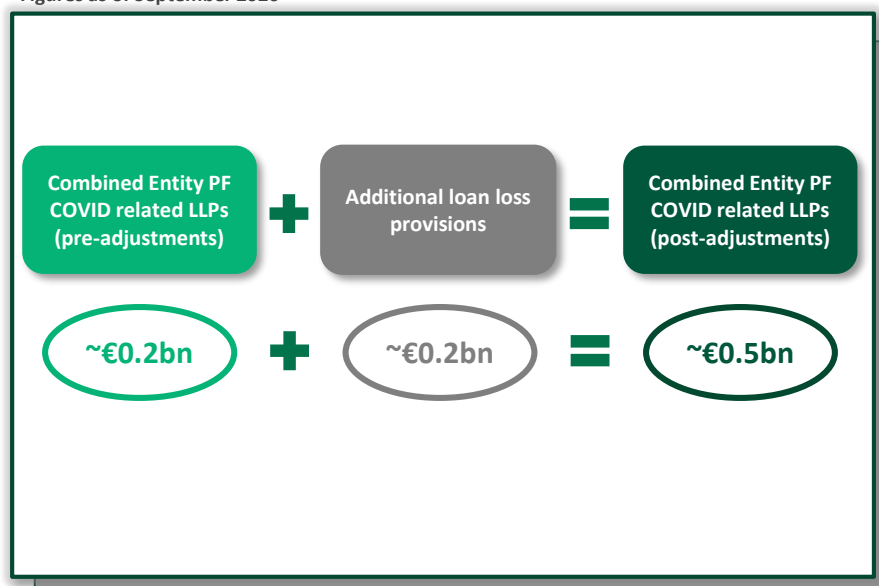
Reinforced COVID coverage

Strengthened position to face COVID-19 challenges



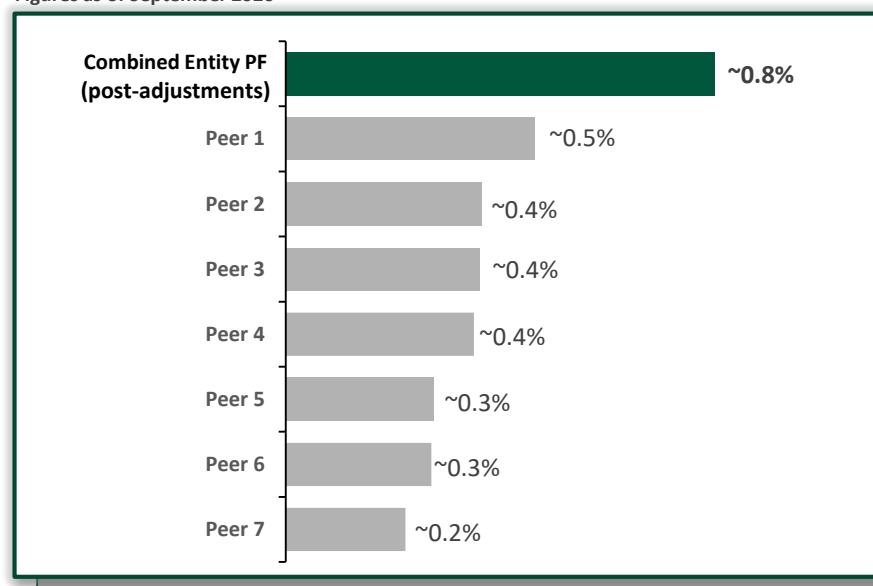
Combined Entity COVID-19 loan loss provisions

Figures as of September 2020



COVID-19 loan loss provisions as % of gross customer loans

Figures as of September 2020



Robust COVID-19 provisioning with leading position vs. peers

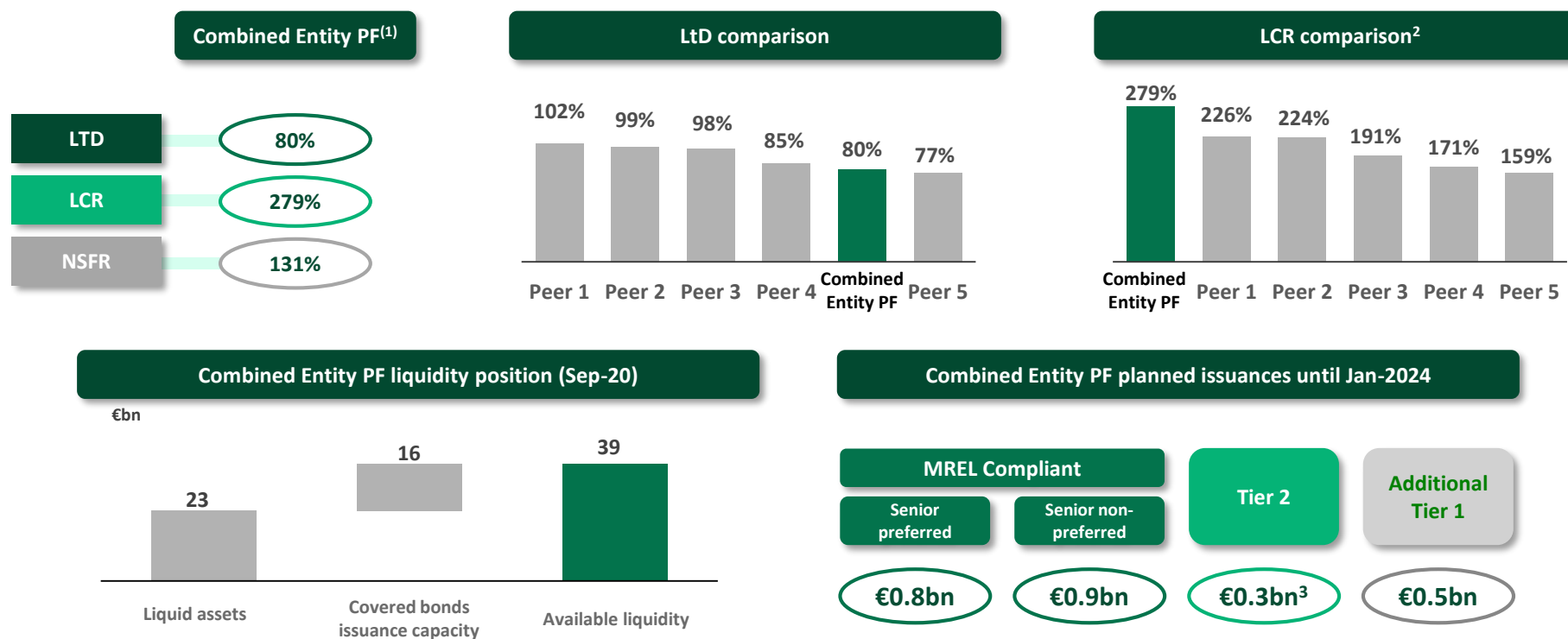
Wide liquidity position

Best-in-class liquidity position and comfortably manageable issuance program to comply with MREL requirements



Liquidity ratios significantly above regulatory requirements and sector peers

Figures as of September 2020

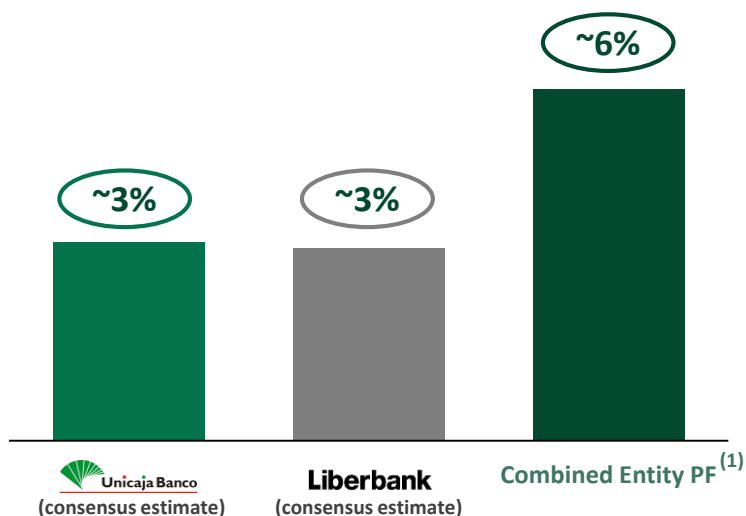


Profitability and shareholders' value

Significant profitability expansion with 2023E RoTE⁽¹⁾ of ~6% and outstanding EPS accretion for both entities' shareholders

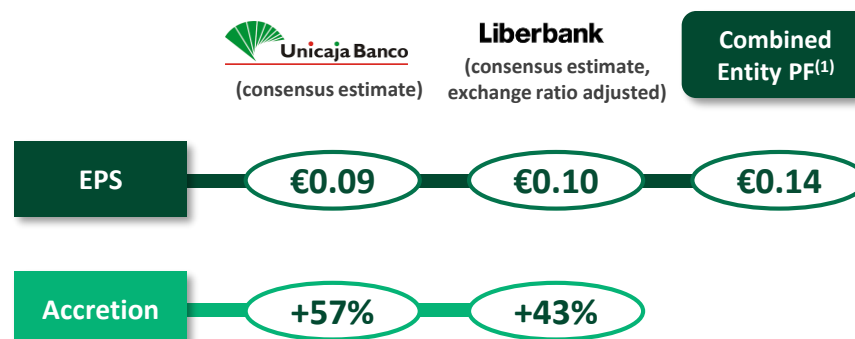


2023E RoTE



2023E EPS accretion

EPS (€/share) and EPS accretion (%)



Once the macroeconomic outlook improves and regulatory limitations are lifted, the Combined Entity expects to have a sustainable pay-out of around 50%

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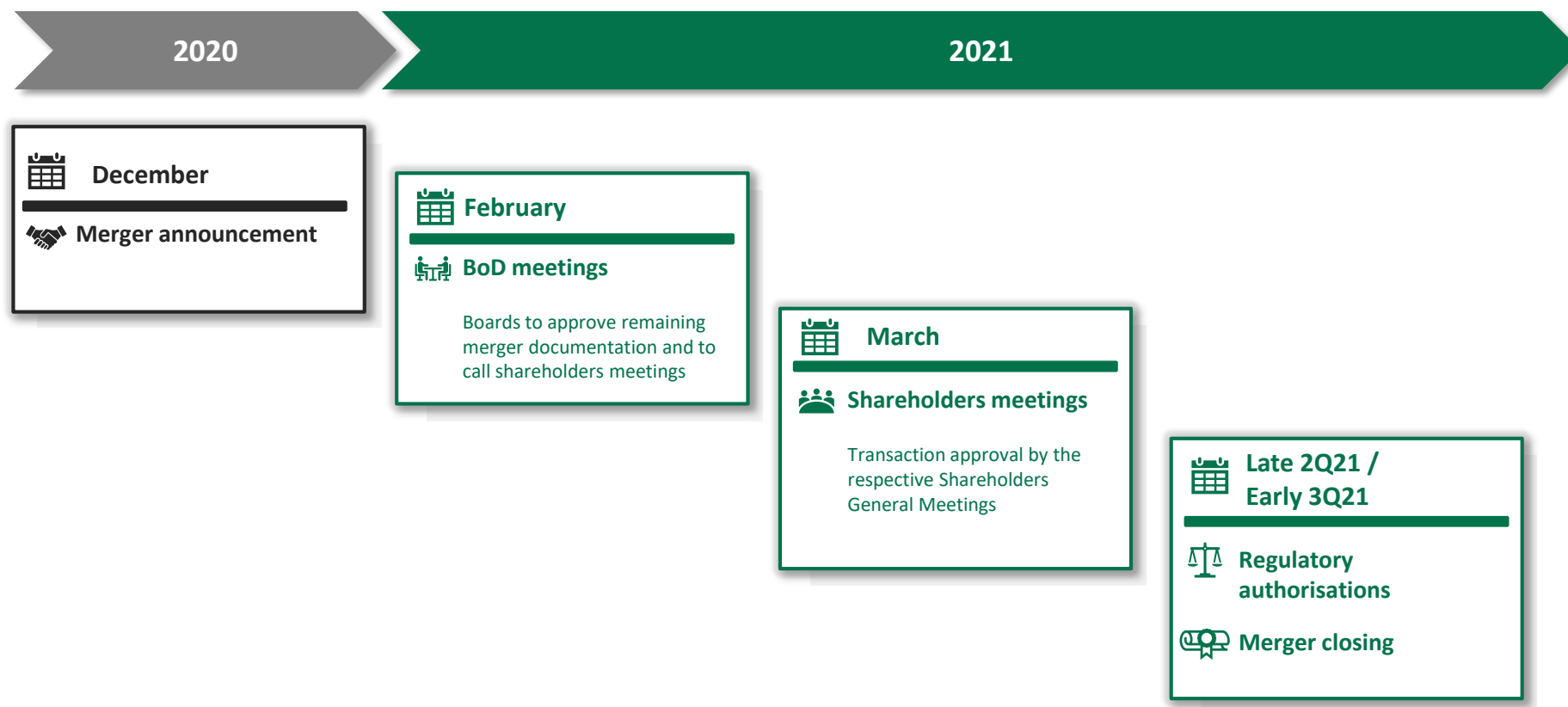
Financial rationale

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Closing remarks

Timetable

Indicative timetable



Closing remarks

#5 bank in Spain

Strong position in
6 Autonomous Communities

- **Creation of a nationwide entity with a leading franchise in its home regions and ample financial capacity to increase its market share in non-traditional business segments**

Annual gross cost savings
c.€192m¹

Estimated improvement of
Combined Entity PF LTM
C/I ratio
(11p.p.)²

- Taking advantage of **economies of scale and unified digital transformation to enhance efficiency** through cost-cutting initiatives

Jun-21 PF CET1 FL
ratio post-merger
12.4%³

Sep-20 PF NPA
coverage
67%

- **Solid solvency position even after reinforcing coverage ratios to the highest level among competitors**

Combined Entity PF
RoTE 2023E
~6%⁴

Expected future pay-
out ratio
c.50%

- **Significant profitability improvement that allows for a sustainable dividend policy going forward**

Unicaja Banco EPS
2023E accretion
+57%⁵

Liberbank EPS 2023E
accretion
+43%⁵

- **Substantial value accretion for all shareholders** as excess capital is reinvested on restructuring of the business

Investor Relations teams



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