

## PRESS RELEASE

### **The CNMC approves the take-over merger of Liberbank, S.A. by Unicaja Banco, S.A., subject to certain commitments**

- The CNMC assessed the commitments proposed by Unicaja to resolve the competition issues resulting from the operation.
- These affect some of the branches in the province of Cáceres, where the new entity has high concentration indices.
- The acquisition primarily concerns the retail banking market and merges the seventh and eleventh biggest banks in the country.

**Madrid, 29 June 2021.** The CNMC cleared in Phase I the take-over merger of Liberbank by Unicaja. It is subject to compliance with the undertakings submitted by Unicaja as a result of the merger of the seventh and eleventh biggest banks in the country ([C/1194/21](#)).

The effects of the operation primarily concern the banking sector: specifically, the retail banking market.

After analysing the retail banking market, the CNMC concluded that the operation will not pose a threat to effective competition in this market at the national level because the resulting shares are insignificant, the increase (the market share brought by Liberbank to the new entity) is small, and there are significant competitors.

Nevertheless, the CNMC identified that the merger does pose a threat to effective competition in the branch market at the provincial level, specifically in the province of Cáceres.

For this reason, due to the high concentration indices reached in this province, the CNMC conducted a local assessment to identify the postal codes (CCPP) where the branch business of the two entities overlaps.

In addition, the CNMC made an exhaustive analysis of market shares and the number of existing competitors in the most affected local areas, taking into consideration a catchment area of 1.5 kilometres from the branches of the merged entity.

The postal codes analysis also proved to be a good indicator for other product segments that may be contracted or used in association with the branch, such as loans, deposits and ATM services.

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## Postal codes in Cáceres

Of the 18 postal codes in which there is an overlap of branch business in the province of Cáceres, it has been identified that in **three of them (CCPP 10630, 10640 y 10830)** only the new entity and a single competitor will remain after the merger.

Despite the fact that in these three Cáceres postal codes the resulting entity is not in a monopoly situation, after comparing the products and conditions offered by both entities, the Commission concluded that there may be risks for customers, such as increased commissions or poorer conditions for current Liberbank customers in relation to certain products.

## Agreed undertakings

In view of the competition issues identified, Unicaja has proposed a series of commitments to the CNMC to which the operation would be subject:

- 1) **Risk of customer transfer:** In this respect, for customers who have contracted Liberbank products which are **automatically transferred** to Unicaja products with **less advantageous commercial conditions**, without there being **sufficient transparency** in the communications sent to them, Unicaja undertakes to:
  - **Notify Liberbank customers**, in a transparent way, of the possible changes to the conditions of the products and services that are modified as a result of the merger. In particular, it will notify customers prior to the implementation of the changes of (i) the **new commissions** applicable as a result of the modification of a product or service resulting from the merger, together with the corresponding information on the commissions that applied before the change; ii) the **products** offered to Unicaja Banco customers for which customers from Liberbank meet the eligibility criteria established, and which are **comparable or better** than the products they have already contracted; iii) that the modifications will come into force within a minimum of 60 days in the case of customers who are natural persons (consumers and the self-employed) and within 30 days in the case of other customers; iv) the customer's rights in the event of a change in the conditions, and v) the customer's freedom to change their bank. This undertaking is guaranteed for **18 months**.
  
- 2) **Risk of possible toughening of commissions and commercial conditions:** In this respect, for the current customers of Liberbank in the

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three postal codes in the province of Cáceres where the entity will be left in a duopoly situation, Unicaja has undertaken to:

- Offer its products under **commercial conditions that are no worse** than those offered by the resulting entity in the postal code that has the largest physical presence of branches of competing financial institutions. This is guaranteed for a period of **three years**.

The CNMC considers that these commitments are adequate to resolve the competition issues arising from the merger operation, insofar as they neutralize or mitigate the identified risks. It will monitor compliance with them by Unicaja, which is required to report to the CNMC within the agreed deadlines during the period the commitment is valid.

[\(C/1194/21\)](#).

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