

DATE

September 13, 2017

SECTORS

Financial Services

DEAL TYPE

M&A Advisory

DEAL LOCATIONS



DEAL TEAM



Henry Berczely
Managing Director

DC Advisory advised Banco Popular on the sale of its Point of Sale financing subsidiary, Popular Servicios Financieros, to Abanca

Popular //ABANCA

Background

- In April 2015, Banco Popular announced a strategic plan to increase the profitability of its businesses, strengthening consumer finance and international development among others
- For this purpose and after exploring other alternatives, in July 2016, Banco Popular agreed a partnership with Pepper, a listed Australian group specialised in consumer finance, and arranged it through the merger of Popular Servicios Financieros (PSF) and Pepper's Spanish subsidiary. Finally, the alliance was resolved in early 2017 by changes in the strategic priorities of both sides
- DC Advisory acted as sole financial advisor to Banco Popular in this transaction
- Subsequently, after the change in the management of the bank, it was decided to divest certain non core assets. PSF was included in this list of non-strategic assets and in April 2017, the bank opted for the sale of 100% of that subsidiary
- PSF is a financial credit institution specialised in the granting of consumer loans at Point of Sale (PoS) and financing of automobiles, with presence in Spain and Portugal
- DC Advisory acted as sole financial advisor to Banco Popular in this new transaction

Process

- After a competitive process with several national and international candidates and with a very demanding schedule, Abanca agreed to purchase PSF
- The company will be integrated into Abanca Consumer Finance, an entity created in 2016 with the objective of strengthening its position in consumer finance
- The transaction, in line with Popular's strategy of divesting non-strategic assets, is

positive for both parties for the following reasons:

- Banco Popular puts in value a business unit considered non-strategic at an attractive price
- Abanca relies on a consolidated platform with deep knowledge of the PoS sector, which allows it to position itself as a leading entity in the Spanish northwest. Abanca gains access to a relevant customer base to cross-sell other consumer finance products.