

DATE

May 29, 2020

SECTORS

Financial Services

DEAL TYPE

M&A Advisory

DEAL LOCATIONS**DEAL TEAM**

Henry Berczely
Managing Director



Carlos de Vicente
Director



Gabriel Fernandez
Vice President

DC Advisory advised Bankia on the sale of its depositary and custody business to Cecabank

Background:

- Bankia is the fourth largest commercial bank in Spain, with on balance sheet assets totalling EUR 209 billion. Bankia has 2,275 branches across Spain and more than eight million clients, holding c. EUR 25,000 million between mutual and pension funds
- Cecabank is a Spanish wholesale bank that offers support services for other financial institutions. Cecabank's activity focuses on three main areas of specialisation:
 - (i) Securities services;
 - (ii) treasury; and
 - (iii) other bank services.
- Regulatory pressure and the sophistication of capital markets, together with the increasing level of competition among large players, has caused most universal banks in Spain and Europe to sell their depositary businesses

Process:

- In 2018, DC Advisory advised Bankia on the analysis of different strategic alternatives for its depositary and custody business. After the analysis, Bankia initiated a competitive process that generated great interest among the main players in the sector. Competition between the candidates allowed Bankia to obtain an agreement which vastly improved

its current service offering, while generating significant capital gains from the sale of the business. Finally, in June 2018, Bankia postponed the operation

- In April 2020, Bankia resumed the process, advised by DC Advisory

Outcome:

- Following the announcement of the transaction on May 29 2020:
 - Bankia will align its practice with the Spanish market standard by separating its asset management businesses from the depositary activity, eliminating conflicts of interest and operational risks, while ensuring a best-in-class service is offered to its clients
 - Bankia will generate significant capital gains following the initial EUR 170 million payment, alongside potential additional future payments (subject to the fulfilment of agreed milestones)
- DC Advisory acted as exclusive financial advisor to Bankia, and continues to be the only financial advisor to close transactions of this nature in the Iberian peninsula, demonstrating DC's strong track record in non-core disposals of universal banks

“Bankia aligns itself with the best practices in the sector, which advise the segregation of the depositary and custody business from the asset management business. In this way, we focus on the asset management business, in which we have more than 30 years of experience, and we can offer a differentiated service to our clients”.

Fernando Sobrini, Deputy General Director of Asset Management and Investees at Bankia

“Partnering with a specialist is beneficial for the asset management business, as it allows universal banks to leverage knowledge and experience in the complex environment of capital markets, and offer other value-added services, in addition to maximising asset protection and eliminating conflicts of interest between the supervisor and the supervisee.”

Henry Berczely, Managing Director at DC Advisory Spain