



Address by the Governor of Banco de Portugal on the conclusion of the sale of Novo Banco

- **The sale of Novo Banco to Lone Star was concluded today** with a capital injection by the new shareholder of €750 million. By the end of this year, Lone Star will make a further injection of €250 million. **As of today, Novo Banco will be held by Lone Star and the Resolution Fund, which will hold 75% and 25% of the share capital respectively.**
- The conclusion of this sale **marks a very important step** for the Portuguese financial system, **for two reasons:**
 1. **Firstly, because it brings to a close a complex negotiation process** with the new shareholder, European institutions and other domestic institutions, in close cooperation with the Government. The conclusion of the sale **brings about a very significant increase in the share capital** of Novo Banco and **terminates the bank's bridge bank status** that has applied since its setting up. Novo Banco will now be endowed with the **necessary means for the implementation of a business plan ensuring that the bank will continue to play its relevant role in the financing of the Portuguese economy.**



2. **Secondly, because with the conclusion of this sale, the purposes underlying the resolution of Banco Espírito Santo (BES) are fully met.** In fact, even though BES faced irreparable financial imbalance and the imminent suspension of business in 2014, it was possible:

- (i) To ensure the continuity of most of its business;
- (ii) To protect depositors, who did not undergo any losses;
- (iii) To maintain the capacity for financing enterprises and households;
- (iv) To minimise the burden on public finances and the banking sector, as far as was permitted by the reconciliation of the different goals.

- **This will also make it possible to strengthen the internal and external perception of the Portuguese banking sector,** as it represents a successful outcome of a sale process that was:

- Open, transparent and competitive;
- Of international scope;
- Which met the requirements of the European Central Bank and the European Commission;
- And allowed for the entry of new investors into the financial system, diversifying its funding sources.



- **For all these reasons, the sale of Novo Banco was a decisive step towards strengthening the stabilisation of the domestic banking sector.** In the wake of the measures taken to strengthen the capital levels of the sector's main institutions, and the initiatives under way in the financial system to tackle the challenges posed by non-performing exposures, the domestic banking sector is today better prepared to provide the necessary funds for the development of the Portuguese economy.

- I would like to finish with a word of **gratitude and appreciation on behalf of the Board of Directors of Banco de Portugal to all those involved**, and especially to:
 - The **technical teams, for their extraordinary performance in the sale process of Novo Banco.**
 - And to the **employees and Boards of Novo Banco, for the dedication and professionalism they have revealed throughout the process.**

Lisbon, 18 October 2017