

NOVO BANCO SALE COMPLETES STABILISATION OF PORTUGUESE BANKING SECTOR - VDA VIERA DE ALMEIDA

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The recent sale of Novo Banco to US private equity fund Lone Star marked a watershed moment for Portugal's banking industry.

It followed a difficult period after the financial crisis, which included the 2014 collapse of Banco Espírito Santo, from which Novo Banco would ultimately emerge as the 'good bank'. A year later Banco Banif also collapsed, which resulted in its 'good assets' being taken over by the Spanish banking giant, Banco Santander. Earlier this year, another major Portuguese bank, BPI, was taken over by Spain's Caixa Bank. Novo Banco was effectively the last major banking sector asset to be sold.

"With the sale of Novo Banco, the government is very excited, because it's now possible to say that the banking sector has stabilised and all the major files are now closed," says Paula Gomes Freire, partner at Vda Vieira de Almeida, which advised the Bank of Portugal on the Novo Banco deal. "It's been a very interesting period to be a banking lawyer in Portugal – clearly the banks are moving

from having a big balance sheet to really focusing on their core business."

What happens next for Portugal's banking lawyers? There is still the problem of Portugal's non-performing loans and this should generate plenty more work. Nevertheless, lawyers must still readjust to a new banking landscape in which most of the domestic banks are foreign-owned. In addition, the marketplace is also being impacted by the growing fintech industry, which brings both challenges and opportunities.

"New technology and how it affects the banking business will raise questions as to what type of legal advice will be required from lawyers," says Gomes Freire. "We have worked together with people who specialise in banking and IT to monitor what is happening, so we are well positioned to advise on these totally new areas."