

PORTUGUESE OPPORTUNITIES
NOVO BANCO TO SELL BANCO BEST

05.04.2023

According to local economic press, Novo Banco has started the process for selling BEST - Banco Eletrónico de Serviço Total, S.A. (“Banco Best”).

Banco Best is a digital platform operating in Portugal that provides a comprehensive range of banking products and services.

Banco Best was founded on 9 May 2001, as a result of a joint venture between Saxo Bank and the Espírito Santo Group. On 3 August 2014 and following the resolution procedure adopted by the Bank of Portugal on Banco Espírito Santo, its majority shareholder, Banco Best was included in the Novobanco’s group.

Banco Best operates as an online bank relying on its technological nature, based on national and international partnerships in the areas of *Savings*, *Asset Management*, and *Trading*. Overall, it operates as a universal bank focused on innovation and collaboration.

Banco Best serves clients from all private sectors with a diverse range of services such as banking, investment and savings solutions, financing, as well as day-to-day financial management. Its core business is related to investment and wealth management.

The bank offers a range of investment products, including mutual funds, exchange-traded funds (ETFs), and structured products. It also provides portfolio management services to high-net-worth individuals and institutional investors.

Banco Best is based in Lisbon and does not have physical branches. It provides its financial products and services via other channels, such as:

- The Internet, through its website and mobile banking;
- Investment Centres based in Lisbon, Porto, Braga, Aveiro, Leiria, and Faro, that rely on a network of Personal Managers;
- A network of Digital Managers, a permanent management team providing services, normally at a distance, to Customers requiring specialized once-off assistance; and
- The Call Centre, in addition to telephonic attendance, also intervenes in the opening of accounts via video call in a 100% digital process.

The bank has a network of business introducers and external advisors registered with the Bank of Portugal (*Banco de Portugal*) and the Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) that work as service providers.

Focusing on technology and innovation, BEST has implemented several initiatives to improve its digital offerings. For example, it has launched a robot-advisory service that uses artificial intelligence and machine learning to provide personalized investment advice to customers.

Banco Best, which is reported to have between 75,000 and 95,000 clients has had a significant growth in recent years. In 2021 the bank recorded a 41% growth in client acquisition and recorded a net profit of EUR 3.3 million, a growth of 83% compared to the previous year.

According to the latest available financial statements, on 31 December 2021, Banco Best recorded total assets of €860 million, of which €584 million of investments in credits institutions, €148 million in loans to clients, €67 million of cash and deposits and €43 million of financial assets.

Based on the 2021 financial statements, the bank presented the following ratios:

- Core Tier 1: 44,1%.
- Liquidity Coverage Ratio (LCR): 124%;Cost to income: 78,6%.
- Leverage ratio: 8,9%.
- Loan-to-deposit: 20.3%.

In 2021, Banco Best had an equity position of EUR 82 million. If we consider a price-to-book ratio of 0.70, the bank's approximate valuation would be less than EUR 60 million.

According to the media, Novobanco has retained the services of Arcano and KPMG to organise the sale of Banco Best and a teaser has already been disclosed to potential investors.

Banco Best offers an interesting opportunity for players looking to acquire a digital bank fully licensed in the EU with a team and a client base that operate in a digital environment. As a setback, Banco Best may come with a legacy of technological choices that may not go in the direction of emerging digital banking technologies.

CONTACT PARTNERS

António de Macedo Vitorino
Email: avitorino@macedovitorino.com
Mobile: 351 935 241 911

André Vasques Dias
Email: adias@macedovitorino.com
Mobile: 351 935 241 904

This article reflects only the personal opinion of its authors, it is not binding to MACEDO VITORINO. The opinions expressed in this article that deals with legal matters are of a general nature and should not be considered as professional advice. Should you need legal advice on these matters you should contact a lawyer. If you are a client of MACEDO VITORINO, you may contact us by email addressed to mv@macedovitorino.com

© 2023 MACEDO VITORINO