



The Portuguese Government approved the re-privatisation of Banco Português de Negócios, which will take place by way of an invitation to tender addressed to credit institutions, insurance companies and related holding companies and a public offering of sale reserved to employees.

Contacts

António Macedo Vitorino

avitorino@macedovitorino.com

André Dias

adias@macedovitorino.com

This information is provided for general purposes only and does not constitute professional advice. If you have any question on a matter of Portuguese law you should contact a lawyer licensed to practice law in Portugal. If you are a client of Macedo Vitorino & Associados please contact your usual contact partner or any of the lawyers listed in the contacts section.

Portuguese Government announces the re-privatisation of BPN

One year after the nationalisation of Banco Português de Negócios (BPN), during which BPN was managed by the State bank Caixa Geral de Depósitos, the Portuguese Government has approved the guidelines for the re-privatisation of BPN.

The decision to nationalise BPN was announced in November 2008, following the assessment of €700 million of losses. The nationalisation was aimed at avoiding the systemic effect that could result from the insolvency of an institution of the size of BPN.

In the announcement of the Council of Ministers, the Government justified the re-privatisation of BPN taking into account that the worst phase of the financial crisis had been overcome.

According to the Government's announcement, the re-privatisation will be carried out by way of an invitation for tenders for the acquisition of 95% of the share capital of BPN. The remaining 5% will be privatised in a public offering reserved to the employees as required by law.

The only entities allowed to submit tenders for the acquisition of the 95% of BPN will be:

- (a) Credit institutions;
- (b) Insurance companies; and
- (c) Holding companies owned by credit institutions or insurance companies or holding companies that own 100% of credit institutions or insurance companies.

The bids may be submitted by any of these institutions, individually or in consortia.

In order to ensure the stability of the shareholder structure, the Government will impose a five-year lock-up period of 51% of the shares acquired in the re-privatisation.

Notwithstanding, this limitation will not prevent the restructuring, merger or the incorporation of BPN into the winning bidder.

The employees that acquire shares under the public offering will be subject to a one month lock-up period.

For the purposes of the assessment of the minimum bidding price, the board of directors of BPN will submit a proposal to the Minister of Finance after obtaining two independent valuations.

Over the last year, it was publicised that there were various local and international banks, including Montepio, Banco Popular, BBVA and Barclays, which could be interested in acquiring some of BPN's assets, in particular in its 218 branches which is one of the largest retail networks in Portugal. However, the appetite of potential bidders for BPN will depend on the actual terms and conditions of the tender, in particular the manner how the Government proposes to deal with the disclosed and undisclosed liabilities of BPN and its Cape Vert bank, Banco Insular.

© 2009 Macedo Vitorino & Associados