



Tender for servicing of Parvalorem's loan portfolio

SUMMARY

PARVALOREM, the State-owned vehicle that holds part of BPN's former loan portfolio, has issued a public tender for the rendering of servicing and collection services respecting its loan portfolio, which is divided into four independent lots.

Applications to pre-qualification must be submitted by 18 February 2013.

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Portuguese State-owned company PARVALOREM, S.A (**Parvalorem**) has recently issued a public tender for the rendering of servicing and collection services for a period of 36 months in respect of the loan portfolio that PARVALOREM acquired from Banco Português de Negócios (**BPN**) prior to BPN's privatisation.

In 2012, the Government concluded that PARVALOREM's loan portfolio, which is reported to consist of about €1.5 billion of BPN's impaired loans, should be serviced by a specialised entity.

The public tender for the rendering of these services was expected to be launched in October 2012. However, the Government decided to delay the launch until January 2013.

The public tender is divided in four lots, including:

- (1) Loans in which the borrower is a company with at least one mortgage and loans granted to related entities, which may or may not be secured;
- (2) Loans in which the borrower is a company with no mortgage and loans granted to related entities;
- (3) Loans in which the borrower is a natural person or a single owner with at least one mortgage and loans granted to related entities, which may or may not be secured; and
- (4) Loans in which the borrower is a natural person or a single owner with no mortgage and loans granted to related entities.

The full tender specifications are available at PARVALOREM's head office in Lisbon or online at www.vortalgov.pt , against the payment of €1,500.00.

This tender is subject to a pre-qualification procedure, which implies that tenderers will have to comply with certain conditions.

In what concerns technical capacity, tenderers must:

- (a) Have serviced a portfolio of at least 20,000 debtors/files in the last two years (or since they entered the market);
- (b) Have serviced a portfolio of at least 2,000 debtors/ files with on-going court proceedings in the last two years (or since they entered the market); and
- (c) Have in their staff at least 30 loan collectors/asset managers that are currently dealing with credit servicing and collection services; at least 50% of which must have two or more years of practice in servicing and collection services.

To submit a proposal regarding lots (1) or (3), tenderers must also have had a portfolio of at least 500 mortgages in the last two years (or since they entered the market).

With respect to financial capacity, all tenderers must fulfil the requirements set out in article 165 of the Public Contracts Code (**PCC**).

Pursuant to articles 179(3) and 165(2) of the PCC, as well as Annex VI of the PCC, the presentation of a bank guarantee that assures the financing needs required for the performance of the agreement will suffice.

Alternatively, if the tenderer is a consortium in which one of the members is a credit institution, the financial capacity requirements may also be met by submitting a statement issued by the Banking Supervisory Authority of a Member State confirming that the consortium member has head-office or a branch in that Member State.

To meet the financial capacity requirements tenderers must also have had:

- (a) An average annual turnover in the last three years (or since they entered the market) higher than €750,000.00; and
- (b) An annual turnover of at least €500,000.00 in each of those years.

If a tenderer is a consortium, only one of the companies must fulfill those requirements.

Applications must be submitted by 5 p.m. of 18 February 2013 and the qualification of tenderers is expected to take place within the following 44 days.

After review of the applications, PARVALOREM will invite the qualified tenderers to present binding offers, which must be submitted within 35 days from the date the invitation is sent. The binding offers must be valid for a minimum period of 180 days.

The main award criterion for each lot will be the presentation of the most beneficial offer, which will be determined as follows:

- (a) The servicing fee will weigh 65%; and
- (b) The evaluation of the servicer's servicing and collection policy will weigh 35%.

The awarded bidder is required to submit information regarding its background within five days, which must be written in Portuguese language or submitted with a legalised Portuguese translation. Alternatively, it can be made available online.

Information to be provided must state the legal status of the awarded bidder as well as evidence that it is not prevented from bidding in public tenders, *inter alia*, on the grounds set out in article 55 of the Code, such as:

- (a) Insolvency;
- (b) Limitations on the bidding in public tenders under competition law, administrative law or labour law; or
- (c) Participation in the drafting the legal framework and specifications of this tendering procedure.

The CEO of PARVALOREM will be competent to hear appeals on the award.

This information is provided for general purposes only and does not constitute professional advice.