



BANKING & FINANCE | Privatization of BPN

The final conditions of the privatization of the total share capital of BPN were made public on 16 August. This transaction, which has been previously approved by Decree-law no. 2/2010, of 5 January, includes the sale of all shares in the share capital of the bank, by public procurement addressed solely to credit institutions and insurance entities and by public offer exclusively addressed to workers of BPN group. Considering the importance this matter may have, we have prepared a set of questions/answers that may guide the reading of the Council of Ministers Resolution approving the final conditions of this privatization:

- **Which portion of the share capital of BPN will be privatized?**

72.200.000 nominative shares with the nominal value of €5 each, representing 95% of all shares of BPN will be sold. The remaining 5% will be reserved to the public offer exclusively addressed to BPN workers.

- **Which entities are allowed to make proposals in the privatization of BPN?**

Credit institutions and insurance companies or holding companies which own such credit institutions or insurance companies or holding companies 100% owned by credit institutions or insurance companies. The bidders may participate individually or in group; however it is not possible for an entity to simultaneously be part of more than one group or be part of one group and participate individually.

- **What is the minimum price for the proposals?**

€2,37 per share.

- **How will the public procurement be structured?**

The public procurement will be divided in two stages: the first one, comprising the proposals being filed, the public act taking place, the bidders and their proposals being admitted or excluded, complaints being presented and the admitted proposals being evaluated; the second stage, when the admitted bidders are invited to start negotiations in order to improve their proposals and, the final proposals being presented for a final decision to be taken.

- **Where is it possible to find additional information about the privatization?**

Potential bidders may obtain from BPN an informative leaflet about the bank, free of cost.

BPN also makes available an organized set of documents containing financial information about the bank and other information that may be useful to participate in the public procurement process. Delivery of this additional information is made only against the payment of €100,000 (this sum will be returned three days after the bidder's proposal has been accepted).

- **Which is the deadline for presenting the proposals?**

30 September 2010.



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- **Where do the proposals have to be presented?**

In Inspeção-Geral das Finanças, situated in Rua Angelina Vidal 41, in Lisbon.

- **Is it necessary to pay a bid bond?**

Yes. Bidders shall present a €300,000 by bank deposit or guarantee. Bidders selected to the second stage shall reinforce the bid bond so that it achieves the sum of €1,000,000. Bidders who repeal their proposals or which are selected to the second stage and fail to pay the caution will lose the temporary cautions that they have presented.

- **For how long are the proposals valid?**

The proposals are valid for 6 months since the date of the public act (1 October 2010). The proposals of the bidders selected to the second stage are valid for six months since the last negotiations session. In both cases, these deadlines are renewable for equal periods of time, unless the bidders disagree.

- **What criteria apply to the evaluation of the proposals?**

The evaluation of the proposals is made according to the following criteria:

- a) Experience, capacity and size of the bidder – 10%
- b) Development strategy of BPN – 20%
- c) Share price – 45%
- d) Transfer of risks – 25%.

- **What are “autonomous assets”?**

“Autonomous assets” are a set of shares in several companies (Banco Efisa, S.A., BPN Crédito, IFC, S.A., BPN Gestão de Activos, SGFIM, S.A., BPN Imofundos, SGFII, S.A., BPN (IFI), S.A., Real Vida Seguros, S.A. e BPN Participações Brasil Ltda.) which are not included within the share capital of BPN on the privatization date.

- **Are the bidders allowed to buy the “autonomous assets”?**

Yes. Bidders selected to the second stage may grant to the Government a put option in relation to all or part of the “autonomous assets”.

- **What criteria apply to the evaluation of the proposals concerning the “autonomous assets”?**

The evaluation of the proposals is made according to the following criteria:

- a) Experience, capacity and size of the bidder – 9%
- b) Development strategy of BPN – 18%
- c) Share price – 40,5%
- d) Transfer of risks – 22,5%
- e) Valorization of the option – 10%.

- **Are there any limitations to the transfer of BPN shares bought in the public procurement?**

Yes. Shares representing 51% of the share capital of BPN bought by the winning bidder cannot be transferred for a period of five years. This restriction does not hinder the possible merger, incorporation or restructuring of BPN with the winning bidder group.