

Female Billionaire Urges BPI-BCP Merger to Thwart CaixaBank Takeover By Lida Ramsey, J.D. Candidate 2017 | March 12, 2015

Isabel dos Santos, daughter of the president of Angola and Africa's sole female billionaire, is unhappy with CaixaBank's takeover bid for BPI. As the second largest investor in BPI, Santos owns 18.6% of the Portuguese bank through her investment company Santoro Finance, just shy of the 20% benchmark at which BPI [caps shareholder voting power](#). CaixaBank, a Spanish Bank that owns 44.1% of BPI, has offered €1.94 billion for the remaining 55.9% of BPI, or €1.329 per share. Unimpressed with this bid, Santos wrote a letter to BPI and Millennium BCP, a Portuguese rival to BPI, urging a merger. This attempt to thwart CaixaBank was followed by an 8% spike in BPI's share price to €1.48 last Tuesday, while BCP rose 2.4%.

However, the merger that Santos is pushing has significant regulatory hurdles. Both banks received state aid during Portugal's 2011-2014 bailout, when the government was rescued by international creditors after it could no longer meet its debt repayment obligations. BCP still has to repay [€750 million in contingent convertible bonds](#) to the state by 2016.

Moreover, because BPI is likely to acquire [Novo Banco](#), which was formed with the assets salvaged from Banco Espirito Santo's collapse last year, the merger would essentially represent a conglomeration of Portugal's three largest banks. Not only could Santos's influence lead CaixaBank to raise its offer, a merger between BCP and BPI would monopolize 27% of the loan portfolio of the domestic bank sector. This would also bolster Angolans as the [top shareholders](#) in Portugal's biggest banks as Sonangol, Angola's oil company, already owns 19.4% of BCP.

Since BPI limits the voting power of shareholders who own more than 20% of its stock, Santos is able to exercise considerable influence, despite CaixaBank's much larger stakeholding. But unfortunately for Santos, concerned regulators will likely have serious concerns about the possibility of residual debt from the bailout being ignored, as well as the possible formation of a foreign monopoly on Portuguese banks.