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“Hole” of €400 million puts BPP in risk of imminent bankruptcy

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This situation has two consequences for the institution: this is the loss that the clients who want to be paid immediately will have to accept; this ‘hole’- which may now be much larger because of the crisis in the markets – makes it impossible to hand over the management of these products to external stakeholders immediately. These two factors in conjunction – the clients’ refusal to accept the losses, and the alienation of the outside interests – may lead to the collapse of BPP in the coming days.

The absolute return products are precisely those ones that the government said clearly that it would not fix with public funds (see exclusive written interview with the treasury secretary at the side). These products include bondholder securities, mostly from low risk issuers. As such, there are only two alternatives for the bank’s board led by Fernando Adão da Fonseca and the Bank of Portugal.