



Overview Oitante
2016 Financial Year

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I. Introduction

Oitante, S.A. was incorporated pursuant to a resolution of the Portuguese Central Bank's Board of Directors under a resolution measure imposed on Banif in December 2015.

1

Incorporation

The resolution stipulated the following:

- The sale to Banco Santander Totta (BST) of the rights and obligations that comprised assets, liabilities, off-balance sheet items and assets managed by Banif;
- The incorporation of an asset management vehicle - Oitante - to which most of the rights, obligations and human resources not sold to BST were transferred.

2

Acquisition of assets and financing

Also, it was decided Oitante would pay consideration to Banif for the rights and obligations transferred to it. Oitante financed this payment by issuing 746 million euros in bonds.

3

Goal

Oitante's corporate scope is to administer the rights and obligations that comprised Banif's assets until its resolution.

The Company's main goals are to manage and dispose of the received assets, ensuring low risk levels and maximising value by selling or liquidating its assets.

Oitante was entrusted with preserving the assets in the portfolio, by seeking to maximise their value, safeguarding financial sustainability and enhancing human resources.

1

Maximising asset value

Asset values are maximised by complying with the Portugal's undertakings with the European Commission and by stipulating strategies to place assets in the market when deemed opportune and by adjusting to the market's actual needs. In parallel and as regards preserving asset values, it is important that interim management of the assets be geared toward preserving their value and maintaining low risk levels.

2

Financial sustainability

Ensuring the Company's financial sustainability by reorganising and simplifying the operational structure, reorganising space occupied and implementing operational efficiency measures.

3

Enhancing human resources

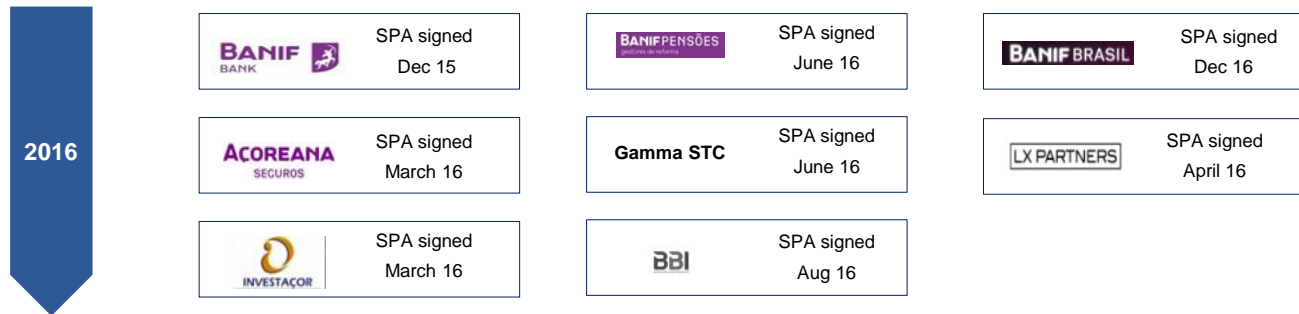
Enhancing the Company's human resources by investing in training and distinctive skills. Additionally, implementing measures that allow staff to be adjusted to the Company's new circumstances, namely by initiating mutually agreed terminations programmes (MAT) for all employees.

Implemented measures allowed €90 million in debt to be repaid

1

Implemented measures

- **Creating a Corporate Model** – Transforming the 22 Banif Departments into 5 new Departments.
- **Generating liquidity** - Oitante's initial priority was to sell the most liquid assets.
- **TSA with BST** - Seeking to generate sustainable revenue streams through a TSA with BST that allowed 70% of administrative and personnel costs to be covered in the 1st year. IT migration took place on 14 October 2016.
- **Until December 2016**, Oitante's **FTEs** (full time employees) went from **512 to 320**, through MATs, with a cost reduction of **~€9.6 million**;
- **Property sales were ~€6.3 million**;
- **From a credit stock** valued in the initial balance sheet at ~€108 million, **€38 million** (€30 million of which in cash) were recovered;
- **Main divestments:**



2

Key Indicators

- **€24 million in EBITDA** until December '16;
- **€18.6 million paid in interest** in '16;
- **€90 million in debt repaid**, i.e. **~12.1%** of the initially owed amount;
- **€11.5 million in Net Earnings** in 2016.

Oitante inherited a number of Banif Group assets and liabilities that were not transferred to BST.

- **Oitante is an asset management vehicle owned by the Resolution Fund**, created in December 2015 under Banif's resolution.
- **Oitante is focused on divesting in the assets transferred from Banif**, while keeping a low level of risk and seeking to maximise value.

Key financial indicators as at December 2015

Number of Employees

512

Debt

€746 million

Liquidity

0 Euros

Real estate ⁽¹⁾

5.664

Loan Portfolio

27.3 thousand transactions

Financial Hold.

38

RE used for operations

4 buildings 18.397 m²

Accrued rent

€590 thousand

Personnel Costs (yearly)

€25.9 million

(1) Assets owned by all units managed by Oitante

Starting point

Initial Balance Sheet

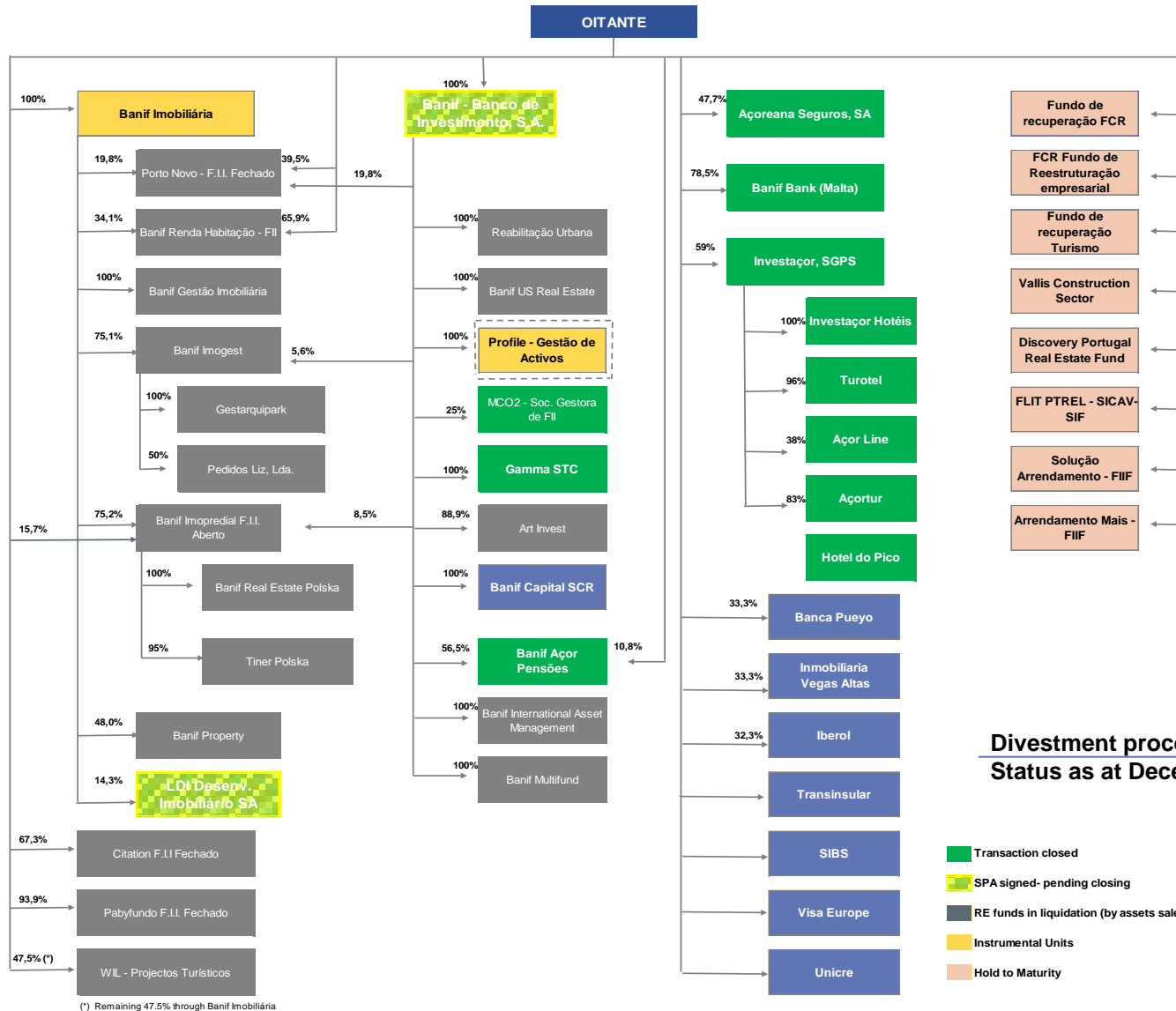
The transferred assets were valued, post-resolution, at €794 million.

	Assets – €794 million		Liabilities and Equity – €794 million	
Initial balance sheet	Loans to the Group	251.3	Bonds	746
	Real Estate	220.5		
	Loan Portfolio	107.9		
	Restructuring Funds	97.5		
	Real Estate Inv. Funds	63.1		
	Financial Holdings	39.4	Provisions	37.5
	Others	14.3	Others	10.5

Note: Share Capital of 50 thousand euros

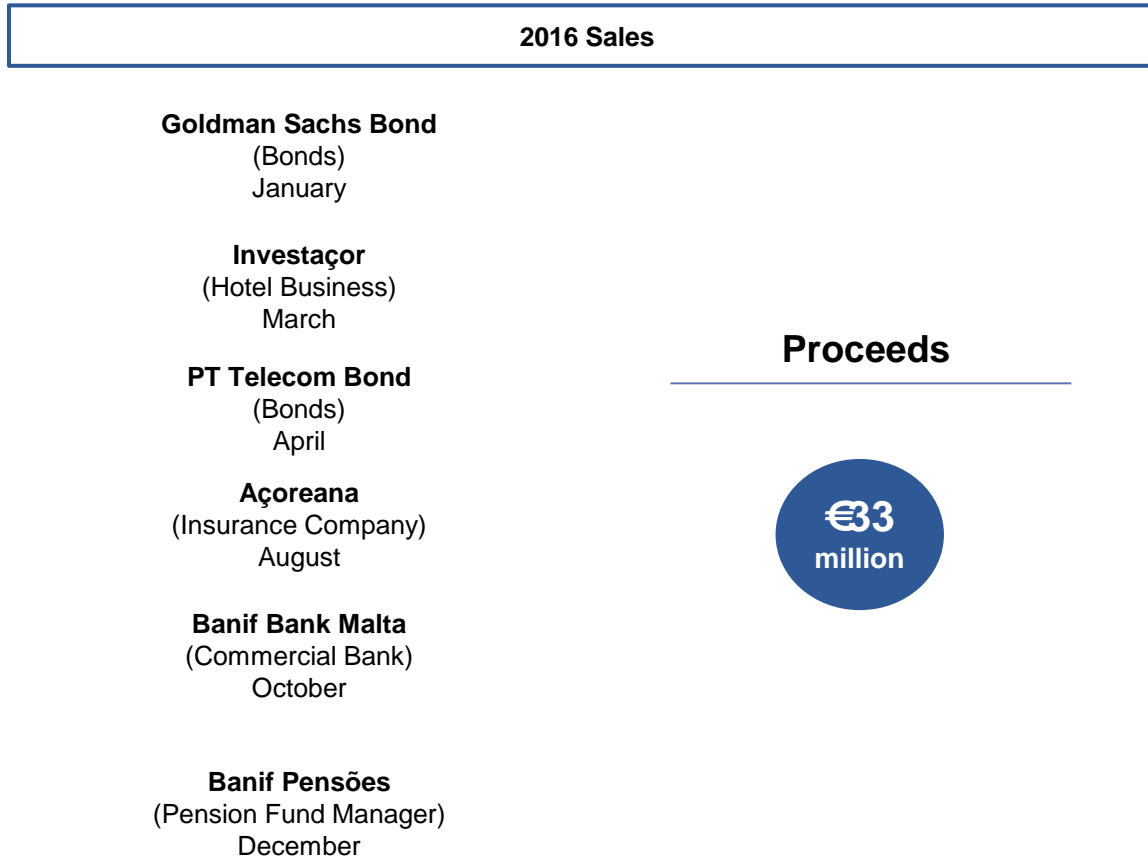
I. Introduction

Initial Holding Structure

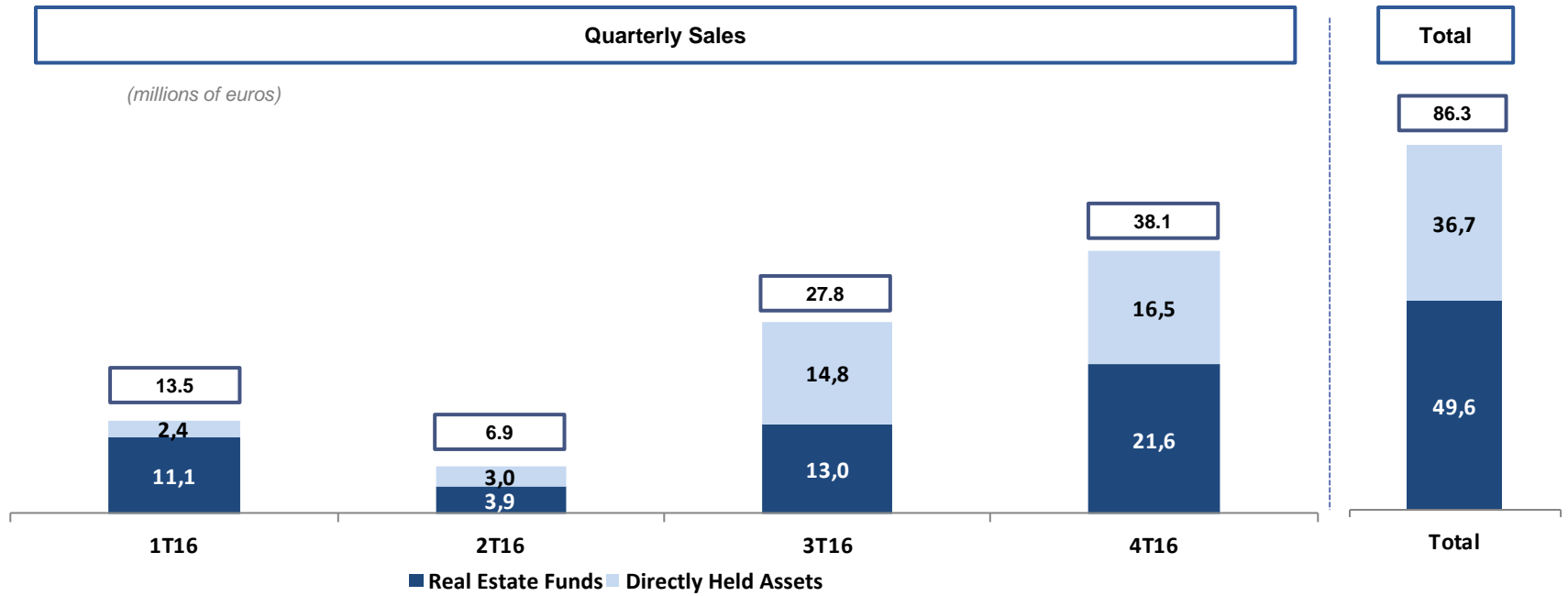


II. Execution

1 Financial holdings - main sales until December 2016



2 Real estate (REO) - sales until December 2016

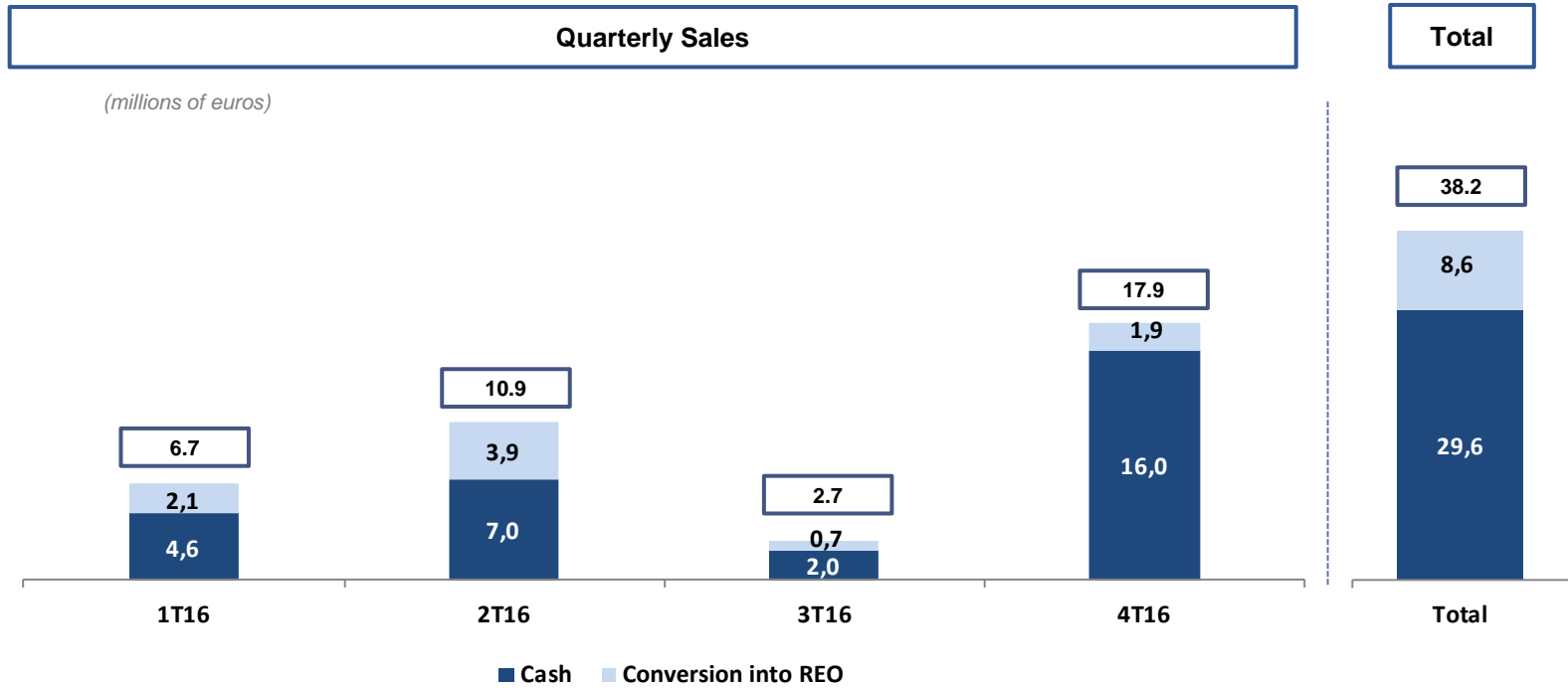


Proceeds

€36
 million



3 Non-Performing Loans recovered until December 2016



Proceeds

€38
million



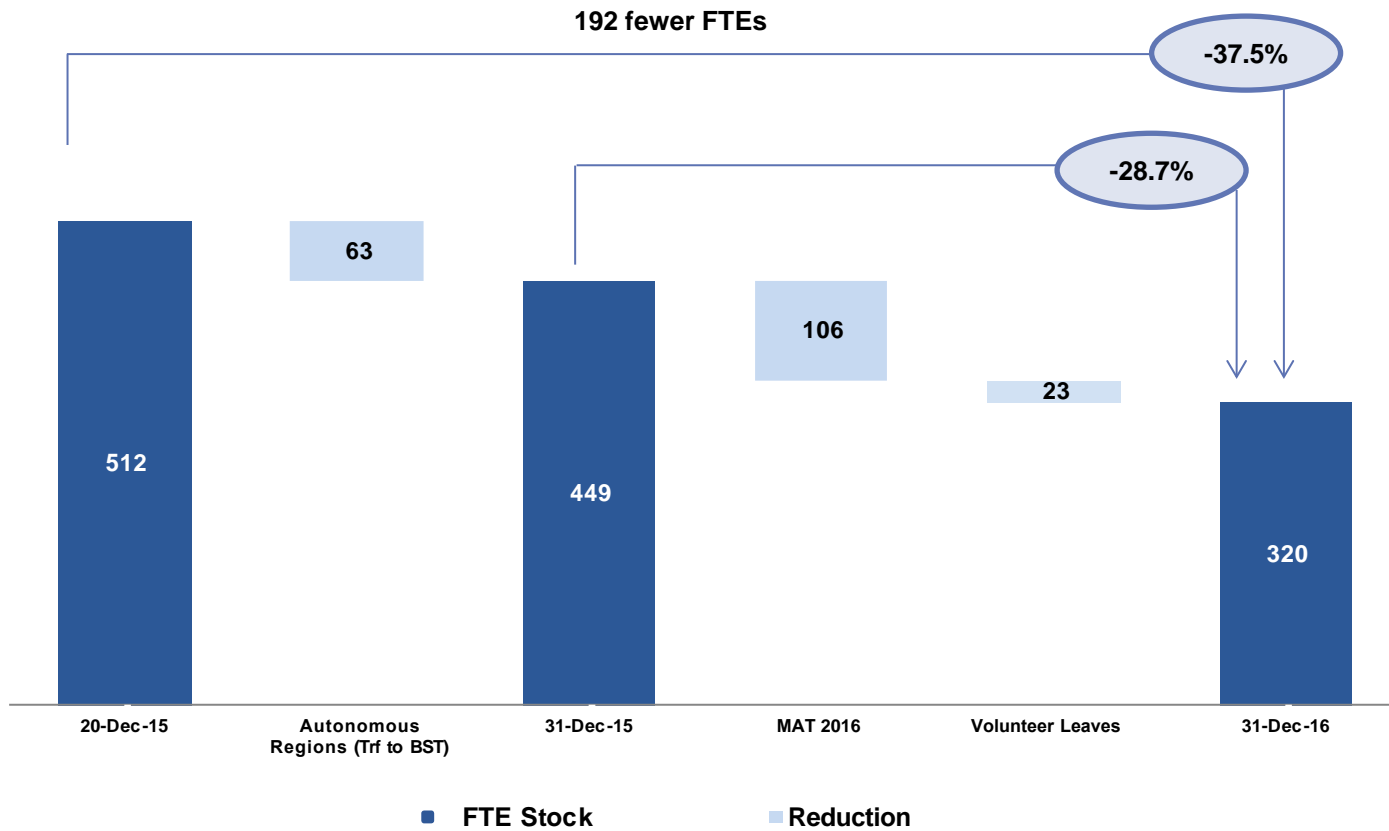
II. Execution

Oitante Employees

5

192 fewer employees until December 2016

Oitante finalised a MAT programme in May.





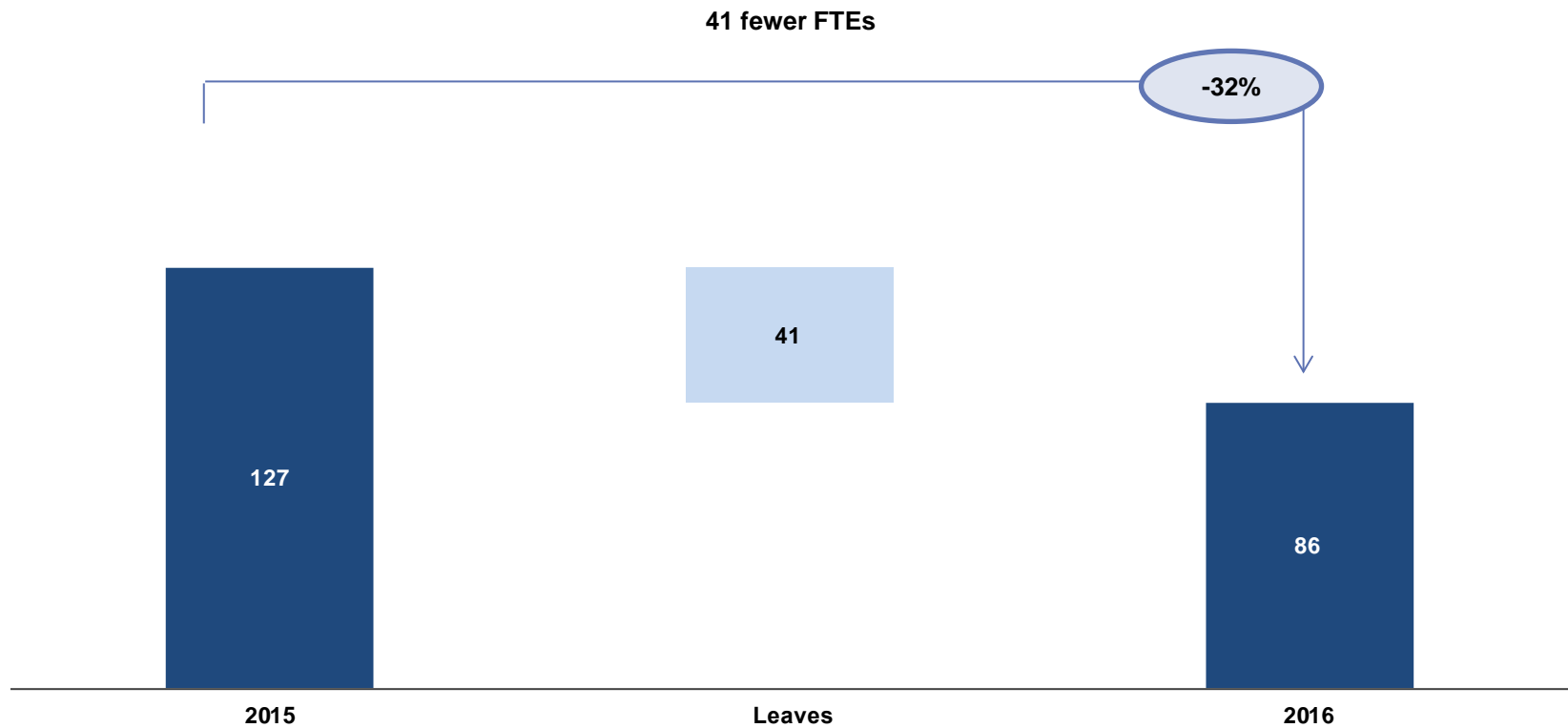
II. Execution

Subsidiary Employees

5

41 fewer employees until December 2016

No MAT programmes were undertaken.



III. Execution

Key indicators as at December 2016 vs. December 2015

Status

Dec 2016

Number of Employees

-38%

320 FTEs

Debt

-12%

€656 million

Liquidity

n.a.

€6.8 million

Real estate ⁽¹⁾

-6%

5.530

Loan Portfolio

-88%

3.3
thousand
transactions

Financial Holdings

-32%

26

Occupied buildings

-31%

12.672 m²
3 buildings (-25%)

Accrued rent

-60%

€235 thousand

Personnel Costs (yearly)

-17%

€1.6 million

(1) Assets owned by all units managed by Oitante

III. 2016 Results

In the 2016 financial year, Oitante generated positive net profits of €11.5 million, as it began its restructuring.

1

**Net results of
€11.5 million**

- The 2017 financial year showed **positive net results of €11.5 million**, with the following highlights:
 - capacity to make early repayment of €90 million in the initial bonds;
 - generated €6.8 million in additional liquidity;
 - 77% reduction of financial holdings;
 - 43% reduction (of the nominal value) of the loan portfolio; and
 - 29% reduction in the number of employees through MAT programmes.

2

**Reorganisation
of operations**

- Also worthy of note:
 - **success in supporting BST** in integrating the assets and liabilities it acquired from Banif, in order to ensure the intended continuity of operations in BST. This support was initially intended to last 2 years, but was completed in only 9 months.
 - **deep organisational restructuring** carried out not only because of the Mutually Agreed Terminations, but also the organisational adaptations arising from termination of the TSA contract with BST;
 - **implementation of operational efficiency measures**, namely reducing space occupied and renegotiating supplier agreements, in order to adapt them to Oitante's new reality.

III. 2016 Results

Operating Results - Earnings and Expenditure

EARNINGS	2016
Sales	30.571
Service delivery	27.981
Income from Real Estate Investments Funds	0
Earnings and Income from investments	15.180
Earnings with Servicer	0
Income from Loan Repayments	14.859
Recovery of others loans	1.309
Earnings and Income on other Financial Assets	1.279
Over-endowment from Pension Fund	180
Others Incomes and Earnings	216
TOTAL EARNINGS	91.575
EXPENDITURE	2016
Cost of goods sold and materials consumed	14.028
Personnel Costs	21.588
Third party supplies and services	26.578
Impairments	5.022
Depreciation and Amortization Expenditure	0
Others Expenditure	555
Provisions	303
TOTAL EXPENDITURE	68.074

IV. Conclusion

- 1 **We stipulated and carried out a short-term plan to stabilise Oitante's structure**, defining and normalising the employees' operational framework;

- 2 **The management team's priority was generating enough liquidity** to provide the conditions needed to plan the business' turnaround;

- 3 **Final Outcome:**
 - Recover the ability to make payments and stabilise the structure:
 - **Averted a liquidity crisis** and built up a cash position of €6.8 million by the end of December 2016;
 - **€90 million in debt repaid by December 2016**, i.e. ~12% of the initial amount;
 - **€24 million in EBITDA** in '16;
 - **€18.6 million paid in interest** in '16;
 - **€11.5 million in Net Earnings** until December 2016;
 - **9.7% reduction of initial Balance Sheet** until December 2016;
 - **From 512 to 320 employees**, through an MAT, while maintaining peace within the company.