ctt

9M 2018 Results Roadshows

November 2018

Disclaimer

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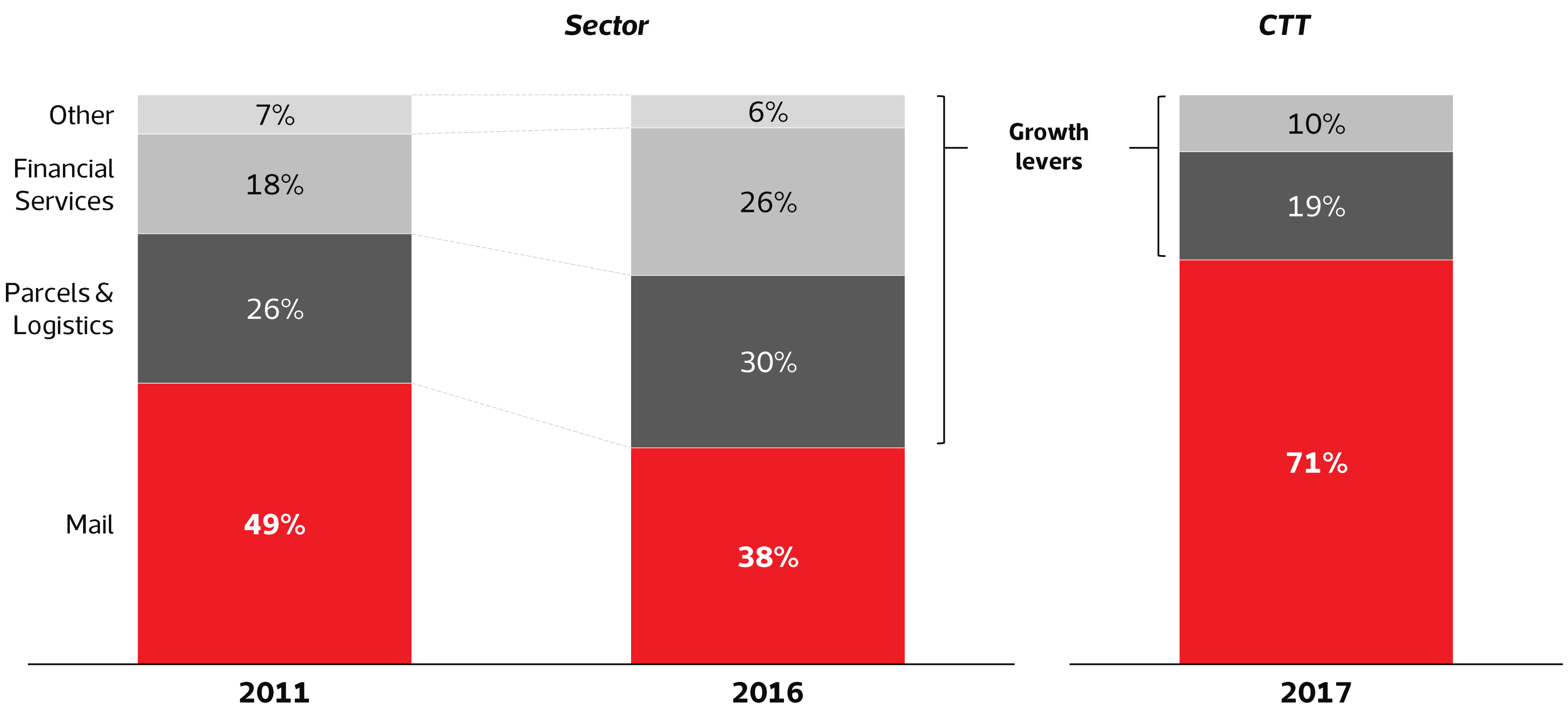
1. Company Overview
2. 9M18 Financials
3. Acquisition of 321 Crédito

POSTAL OPERATORS GLOBALLY ARE DIVERSIFYING THEIR BUSINESS MODEL, BECOMING LESS DEPENDENT ON THE MAIL BUSINESS; CTT IS STILL IN THE EARLY STAGES OF THIS TRANSFORMATION

Revenues per line of business



Sector trends

Digitalisation

E-commerce growth

Globalisation

Diversification

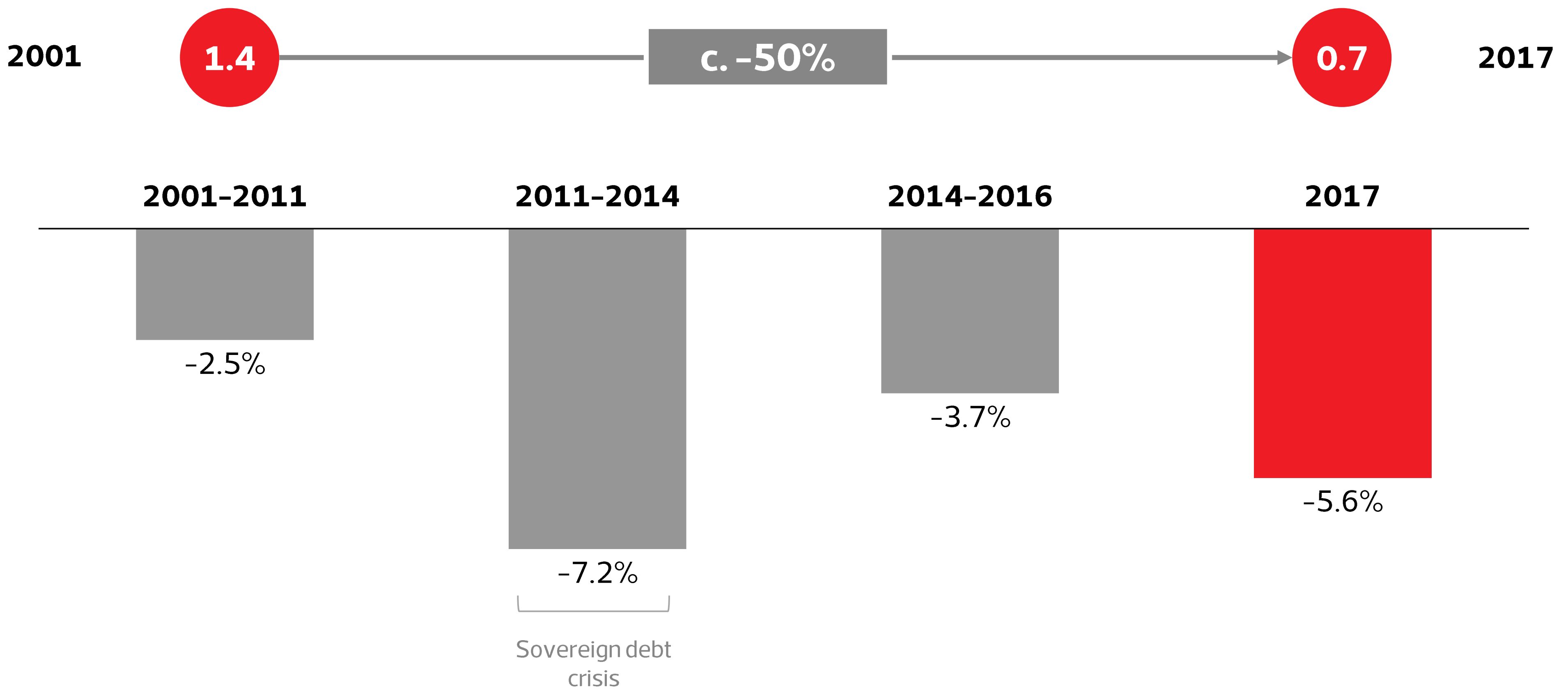
- Postal operators have been adapting their business model to offset the **structural decline of the Mail business**
- **Parcels & Logistics and Financial Services** have been a common diversification choice
- CTT is pursuing a similar diversification strategy but is lagging behind vs. sector due to
  (i) the **still limited penetration of e-commerce parcels** in Portugal, and
  (ii) **Banco CTT having started operations only in 2016**

Source: IPC Global Postal Industry Report 2017.

MAIL VOLUME HAS BEEN DECLINING SINCE 2001, WITH CTT DELIVERING TODAY C. 50% OF THE VOLUME DISTRIBUTED THEN

Addressed mail volumes evolution

Billion items; CAGR (%)

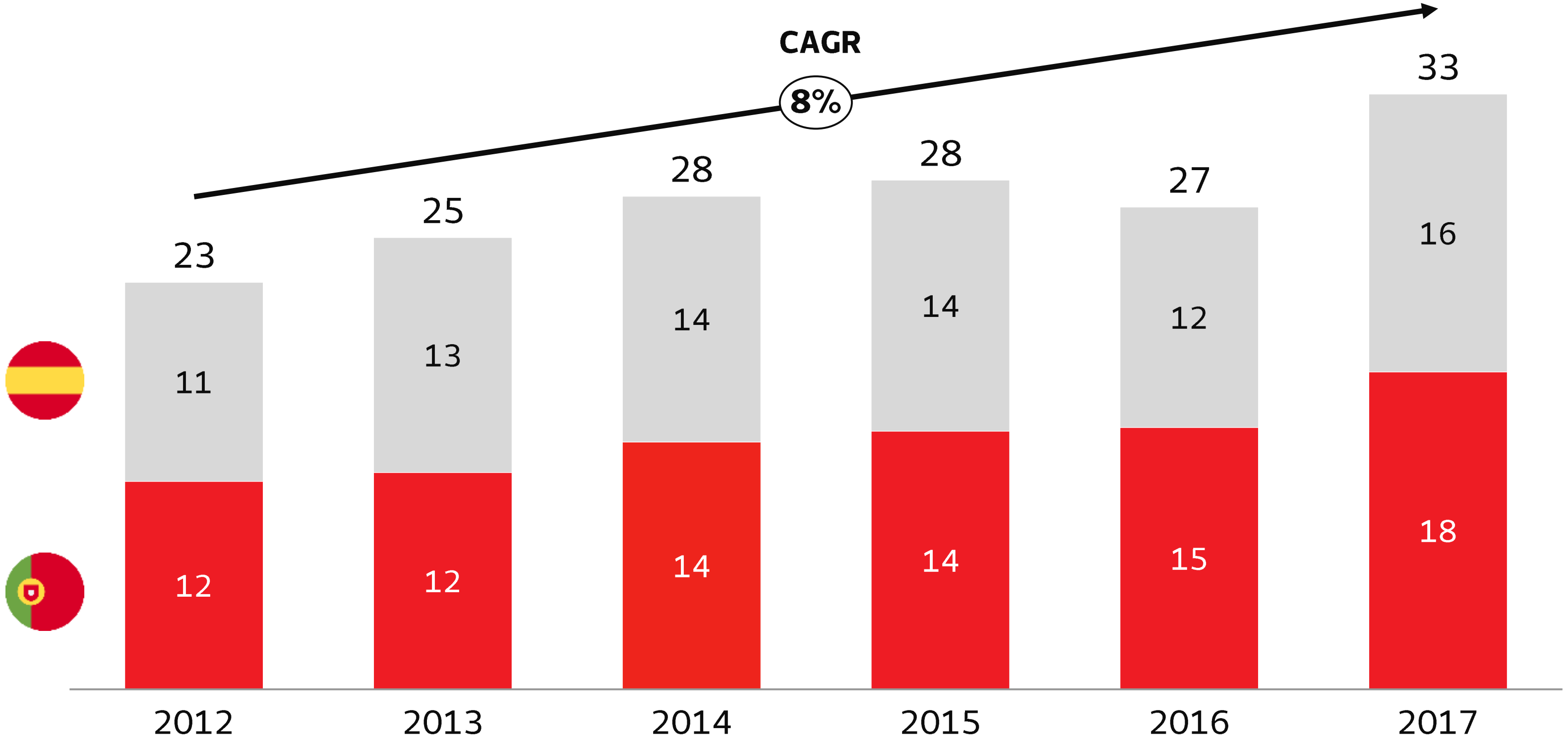


Mail volumes had been declining at a stable rate of c. 4% p.a. since 2014, however, in 2017 the decline was more pronounced and higher than the guidance range of [-4 to -5%]

CTT HAS BEEN INVESTING TO CAPTURE THE GROWING FLOWS OF PARCELS WITH POSITIVE IMPACTS FROM THE TRANSPORTA ACQUISITION AND THE TURNAROUND IN SPAIN

Volumes evolution within E&P business unit

Million items; CAGR (%)



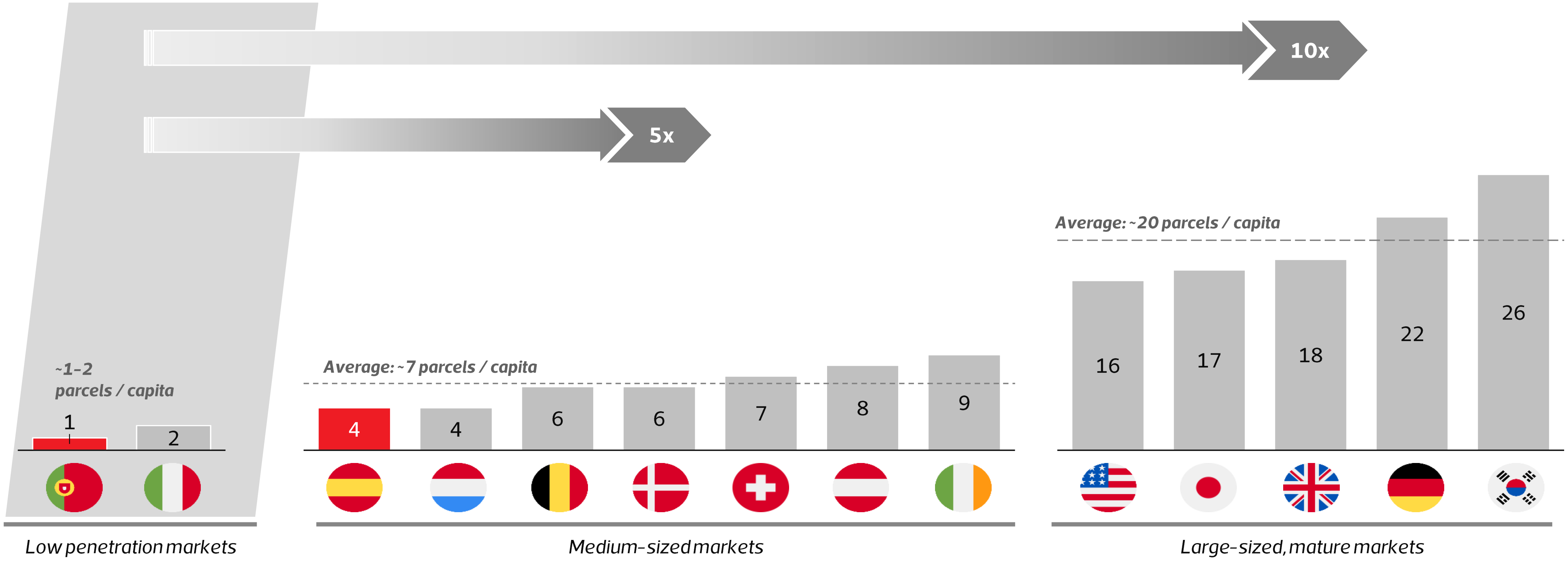
	CAGR 12-17	Δ16-17
Spain	+7%	+26%
Portugal	+9%	+22%

- **In Portugal, the Transporta acquisition contributed positively with c. 2 million items in 2017** (excluding the impact of Transporta, volumes in Portugal grew c. 7%)
- **In Spain, Tourline turnaround plan and the recovery of key accounts resulted in growth of 26% in 2017**

THERE IS A GREAT POTENTIAL FOR GROWTH OF E-COMMERCE IN IBERIA, SINCE IT IS STILL LAGGING BEHIND OTHER EUROPEAN COUNTRIES IN ONLINE RETAIL

E-Commerce penetration

Domestic e-commerce parcels per capita [1]

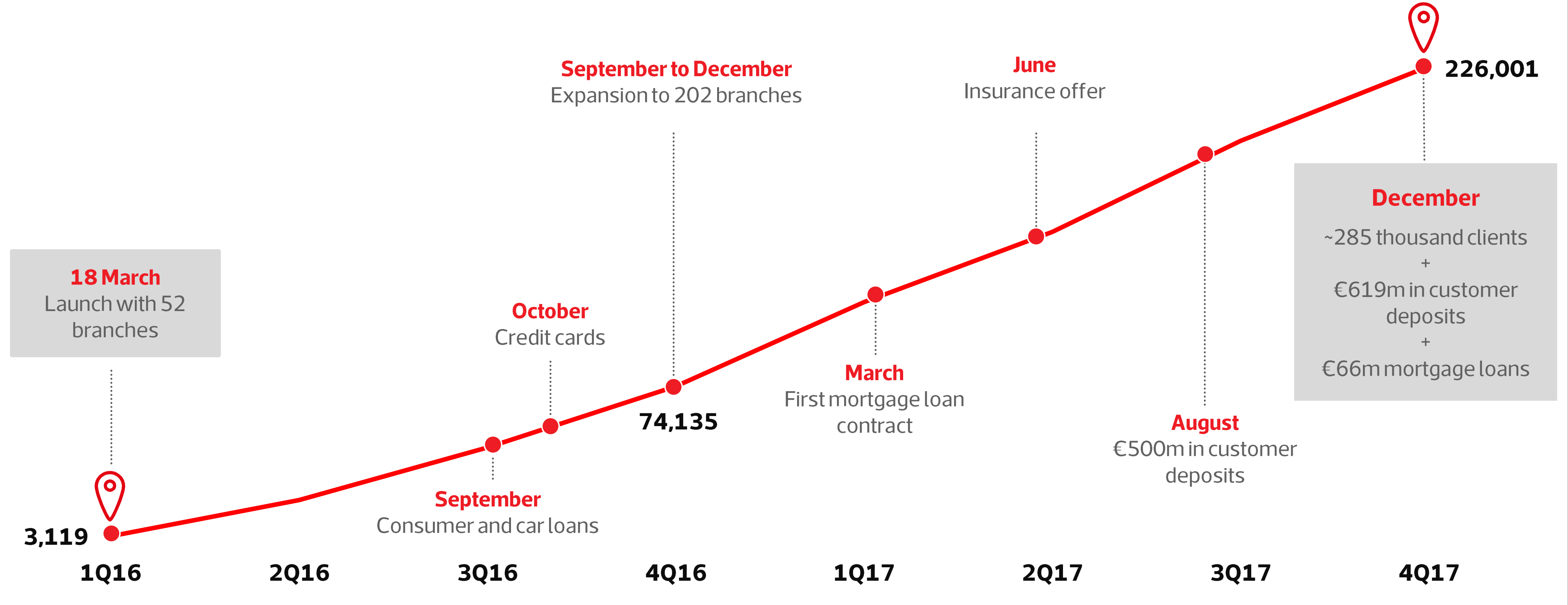


[1] E-commerce relevant is considered as domestic B2C parcels, with speed typical for e-commerce shipments in the given country.

BANCO CTT IS GROWING RAPIDLY AND HAS BEEN WELL RECEIVED BY THE POPULATION – IN 2017 THE NUMBER OF CURRENT ACCOUNTS TRIPLED TO 226K AND CUSTOMER DEPOSITS DOUBLED TO €619M

bancoctt

Current accounts evolution



Branches	66	106	202	203	203	203	208
Deposits (€m)	56	182	254	331	424	540	619

CTT STRATEGY: TRANSFORM THE POSTAL BUSINESS AND CONTINUE TO DEVELOP THE GROWTH LEVERS EXPRESS & PARCELS AND BANCO CTT

MAIL

Preserve the value of the Mail business through the implementation of a sizeable Operational Transformation Plan to improve profitability, reinforce quality of service and sustain the mid-term transformation of the Company

EXPRESS & PARCELS

Consolidate CTT's positioning as a strong and integrated Iberian CEP operator, leader in the last-mile distribution in Portugal, leveraging on the e-commerce growth trend

BANCO CTT & FINANCIAL SERVICES

Develop an innovative and fast-growing retail banking & financial services player focused on simplicity, transparency and proximity

Key initiatives 1H18

JAN
- Migration of **Payshop to Banco CTT** to consolidate the payments business

FEB

MAR

APR
- **Mail prices update** (average annual 4.1% increase)

MAY
- **Real estate sale** promissory agreement (R. Palma)

JUN
- Launch of **CTT 24h**
- Expansion of **Express2Me to the UK**
- Launch of **e-commerce platform with Sonae**

JUL
- Agreement for the **acquistion of 321 Crédito**

Ongoing – Operational Transformation Plan

1. Company Overview

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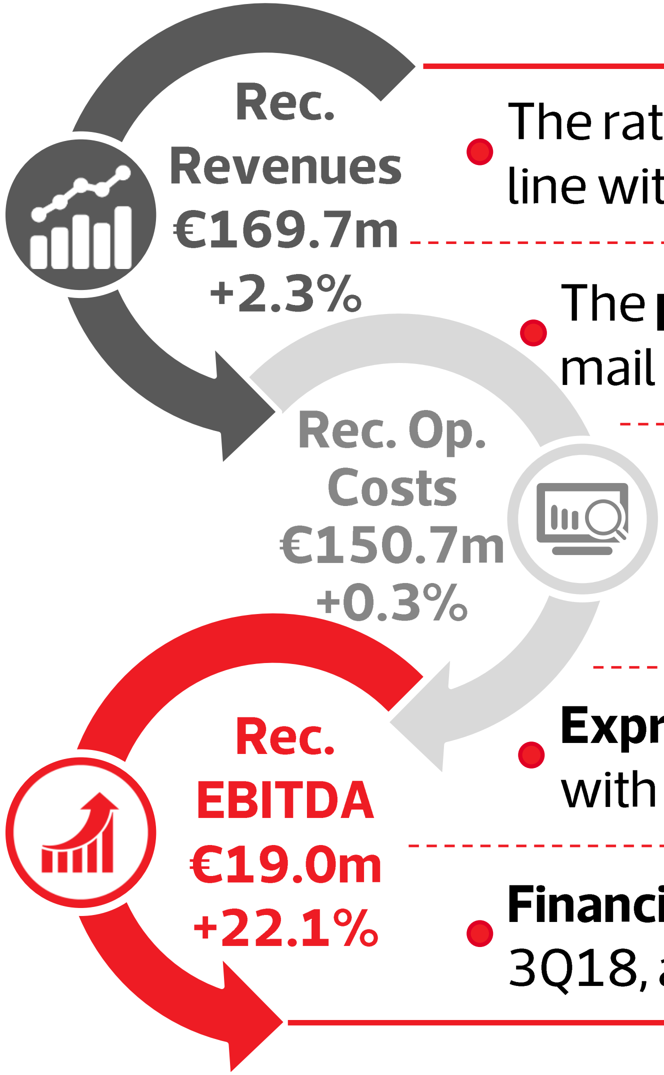
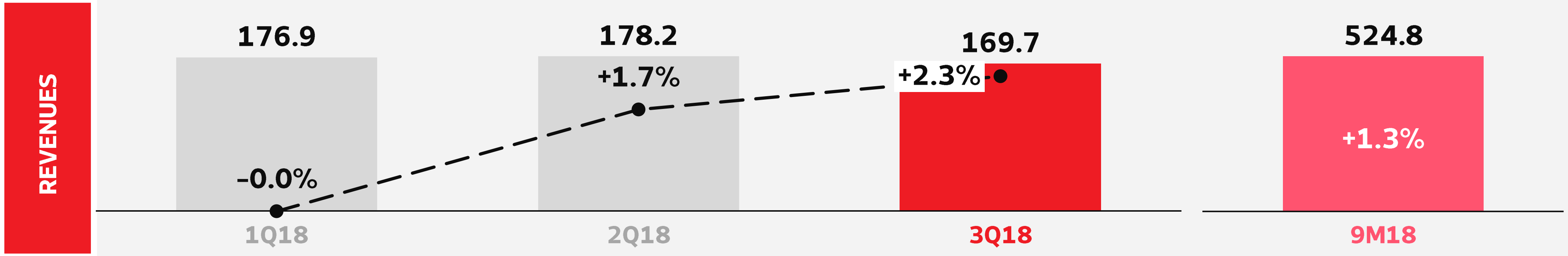
STRONG 3Q18 PERFORMANCE, RESULTING FROM SOLID PROGRESS IN MAIL AND CONTINUED EXPANSION IN THE GROWTH LEVERS



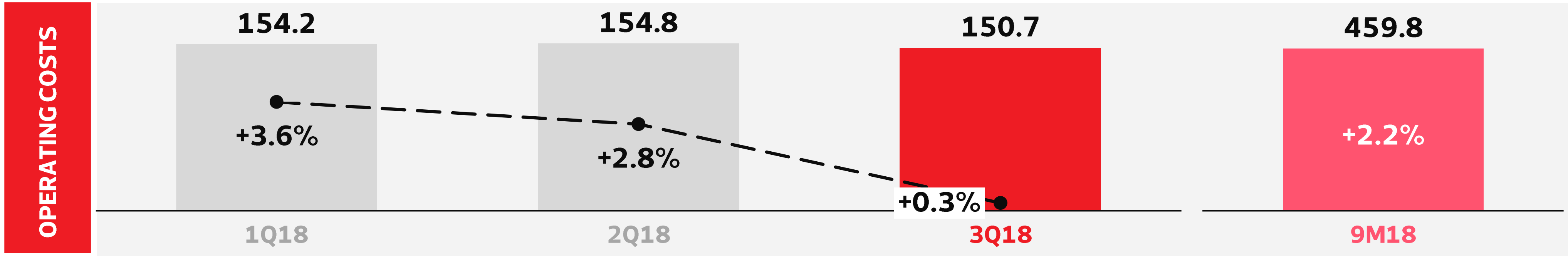
- The rate of **decline of addressed mail volumes slowed down to 5.3% in the quarter**, in line with expectations
- The **positive mix effect in mail continued** (3Q18 international inbound & registered mail volumes up 22.9% & 5.8%, respectively), driving 2.1% growth in Mail revenues
- The **Operational Transformation Plan (OTP)** beginning to show **substantial positive impact on recurring operating costs**, as the captured savings start to flow through the P&L
- **Express & Parcels and Banco CTT continue to be strong engines of diversification** with 3Q18 revenues growth of 9.1% and 32.8%, respectively
- **Financial Services savings certificates placements decline stabilising** in 2Q18 and 3Q18, albeit at a c.36% lower base vs. prior year

KEY FINANCIAL INDICATORS REGISTER FURTHER ACCELERATION OF THE IMPROVEMENT TRENDS OBSERVED IN 1H18

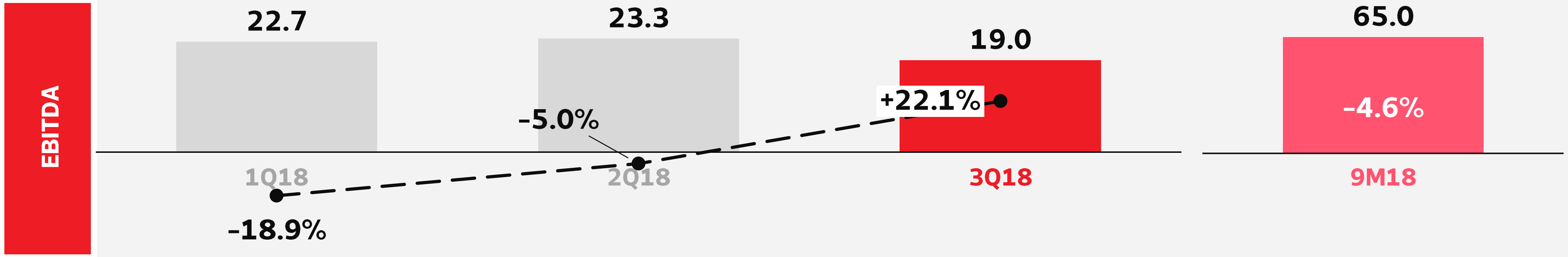
Key recurring[1] financials; € million; % change vs. prior year



Accelerating growth trend in revenues, driven by strong performance in most areas



Recurring operating costs stabilise, despite growth in revenues, as a result of the efficiency measures



Delivering high double-digit growth in recurring EBITDA in 3Q18

[1] Excluding non-recurring items affecting EBITDA of €8.9m in 9M17 and €19.3m in 9M18.

SAVINGS CAPTURED BY THE OPERATIONAL TRANSFORMATION PLAN INITIATIVES BECOMING VISIBLE THROUGH THE P&L

Total recurring operating cost savings

€13.8m initial FY18 savings objective exceeded

€9.0m
9M18 savings realised (though the P&L)

€14.2m
FY18 savings secured [1]

The remaining secured savings to be realised in 4Q18

Total non-recurring revenues / capital gain

€5.2m initial FY18 capital gain objective exceeded

€0.1m
9M18 capital gain realised

€8.6m
FY18 capital gain secured

Sale with €8.5m pre-tax capital gain expected to conclude in 4Q18

Total non-recurring costs

€16.3m
9M18 non-recurring costs related to OTP

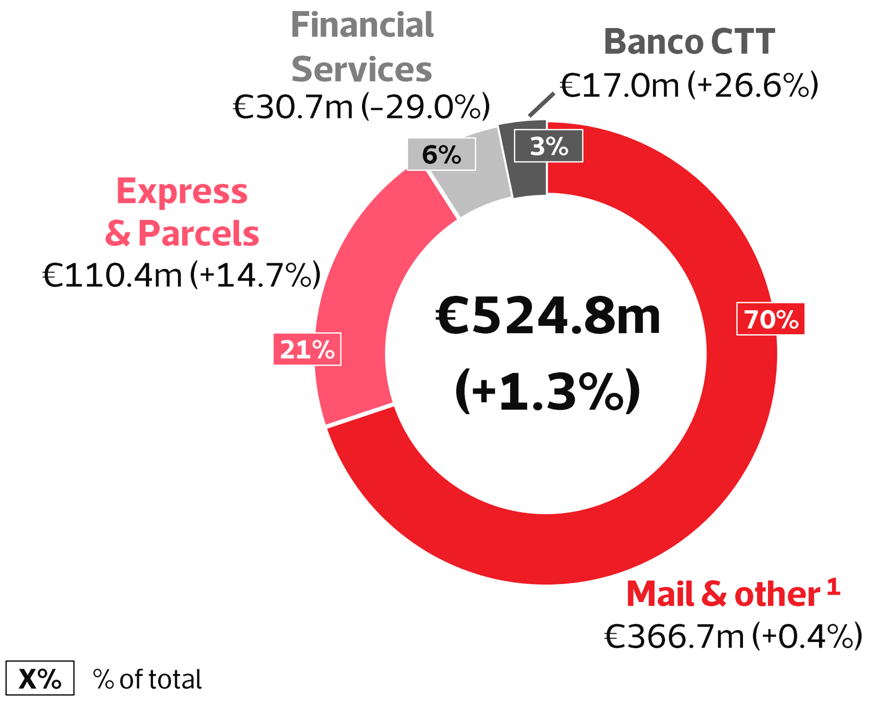
€20.0m
FY18 guidance

[1] FY18 estimated recurring operating cost savings, taking into account initiatives implemented until 30 September 2018.

POSITIVE EVOLUTION IN THE GROWTH LEVERS MORE THAN OFFSETS THE DECLINE OF FINANCIAL SERVICES REVENUES

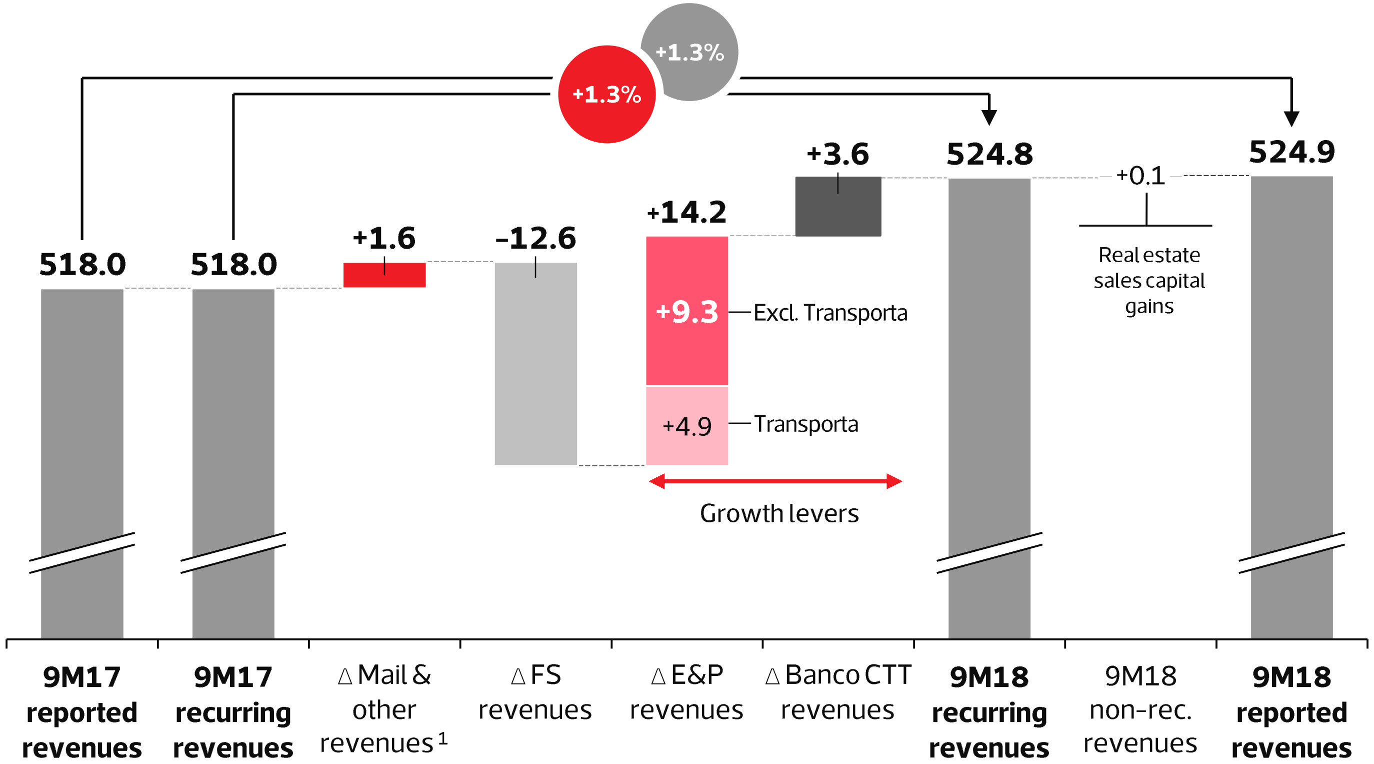
Recurring revenues

9M18; € million; % change vs. prior year; % of total



Revenues breakdown

€ million



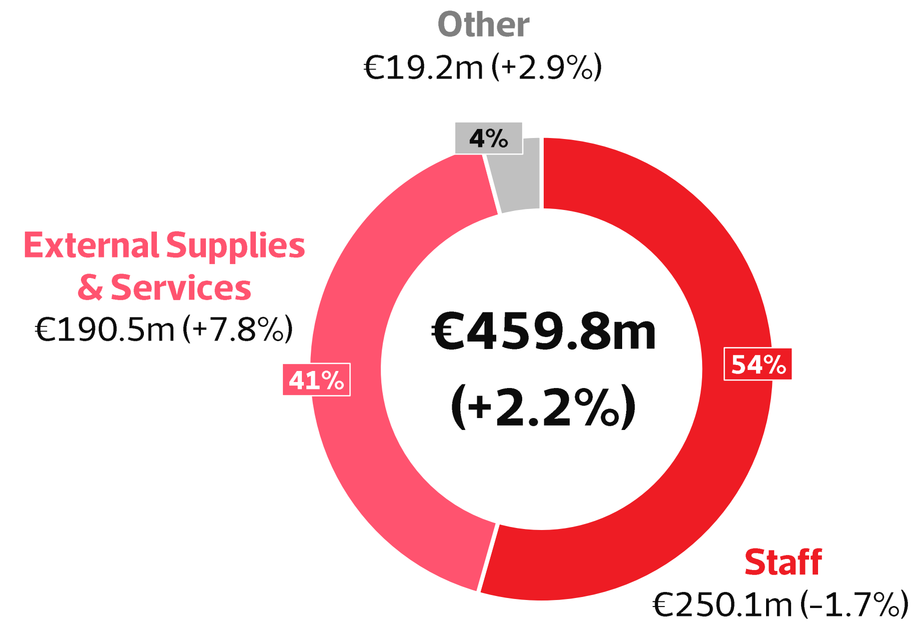
- The impact of **7.1% addressed mail volumes decline** on Mail revenues **was offset by 3.9% effective average price increase** and **very strong positive mix effect** (growth in international inbound mail of €9.6m & registered mail of €3.4m). The €1.6m increase in lottery sales (partially suspended in 2017) also contributed positively
- **Solid growth of E&P revenues in Portugal** & other (16.7%, 9.2% excl. Transporta) & **in Spain** (11.6%). **Banco CTT revenues grew** mainly due to **net interest margin expansion**
- **47.7% decline in subscriptions led to €12.4m drop** (-51.9%) **in the revenues from public debt products**, the principal driver of the decrease in Financial Services revenues

[1] Including income related to CTT Central Structure and Intragroup Eliminations amounting to -€28.4m in 9M17 and -€30.2m in 9M18.

THE RECURRING OPERATING COSTS INCREASE IN GROWTH-RELATED AREAS, WHILE THE OPERATIONAL TRANSFORMATION PLAN INITIATIVES EXERT POSITIVE INFLUENCE ON MAIL COSTS

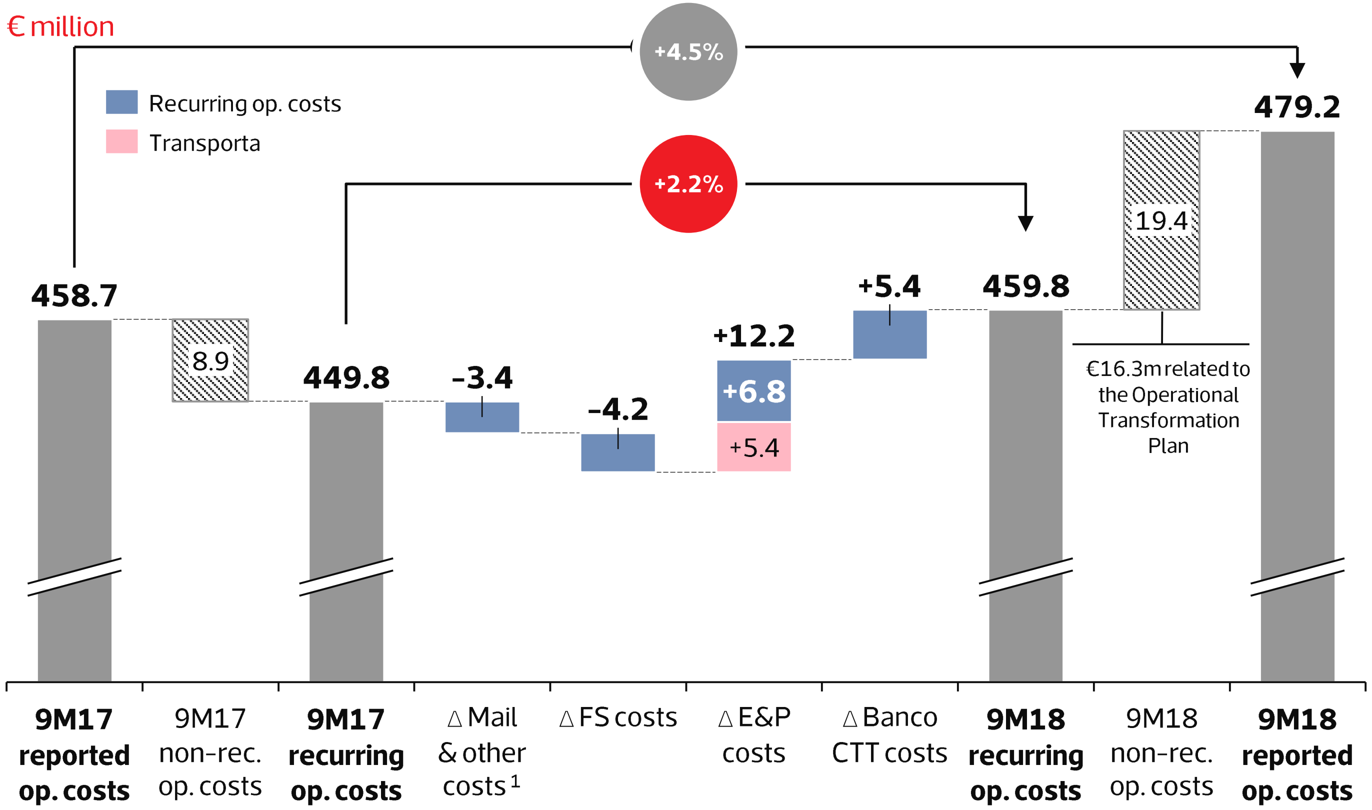
Recurring operating costs

9M18; € million; % change vs. prior year; % of total



Operating costs breakdown

€ million



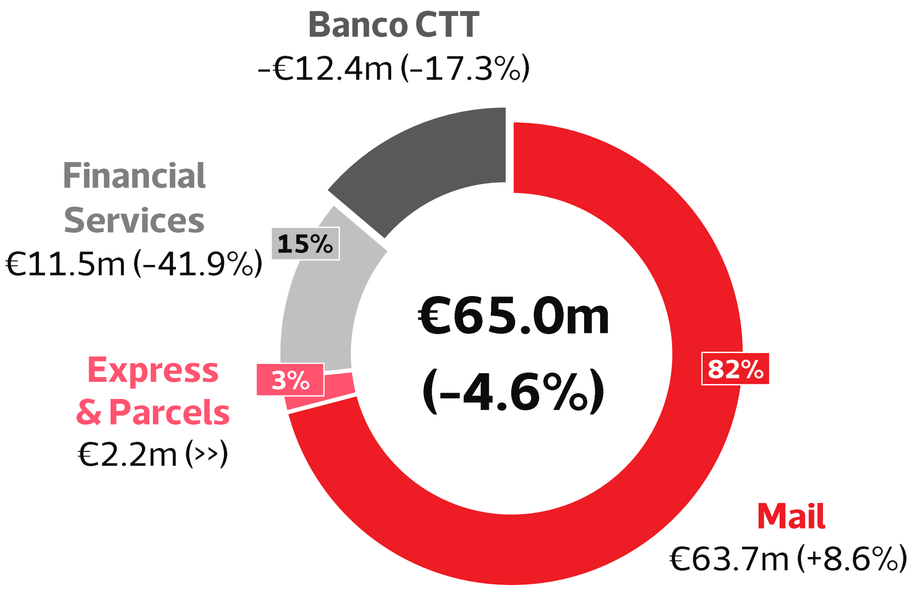
- **Recurring ES&S costs increased by €13.7m** of which €9.8m and €1.3m **related to an increase in transport & distribution costs and fleet renovation,** respectively, while €1.8m in savings were realised with a renegotiation of IT outsourcing contracts
- **Recurring Staff costs declined €4.3m** as the **OTP initiatives more than offset the salary increase** (€2.0m impact in 9M18) negotiated with the unions
- The large **majority (€15.8m) of the non-recurring operating costs related to the OTP were indemnities** associated with negotiated staff exits

[1] Including costs related to CTT Central Structure and Intragroup Eliminations amounting to -€28.4m in 9M17 and -€30.2m in 9M18.

THE 9M18 RECURRING EBITDA PERFORMANCE REFLECTS AN IMPROVING UNDERLYING TREND

Recurring EBITDA

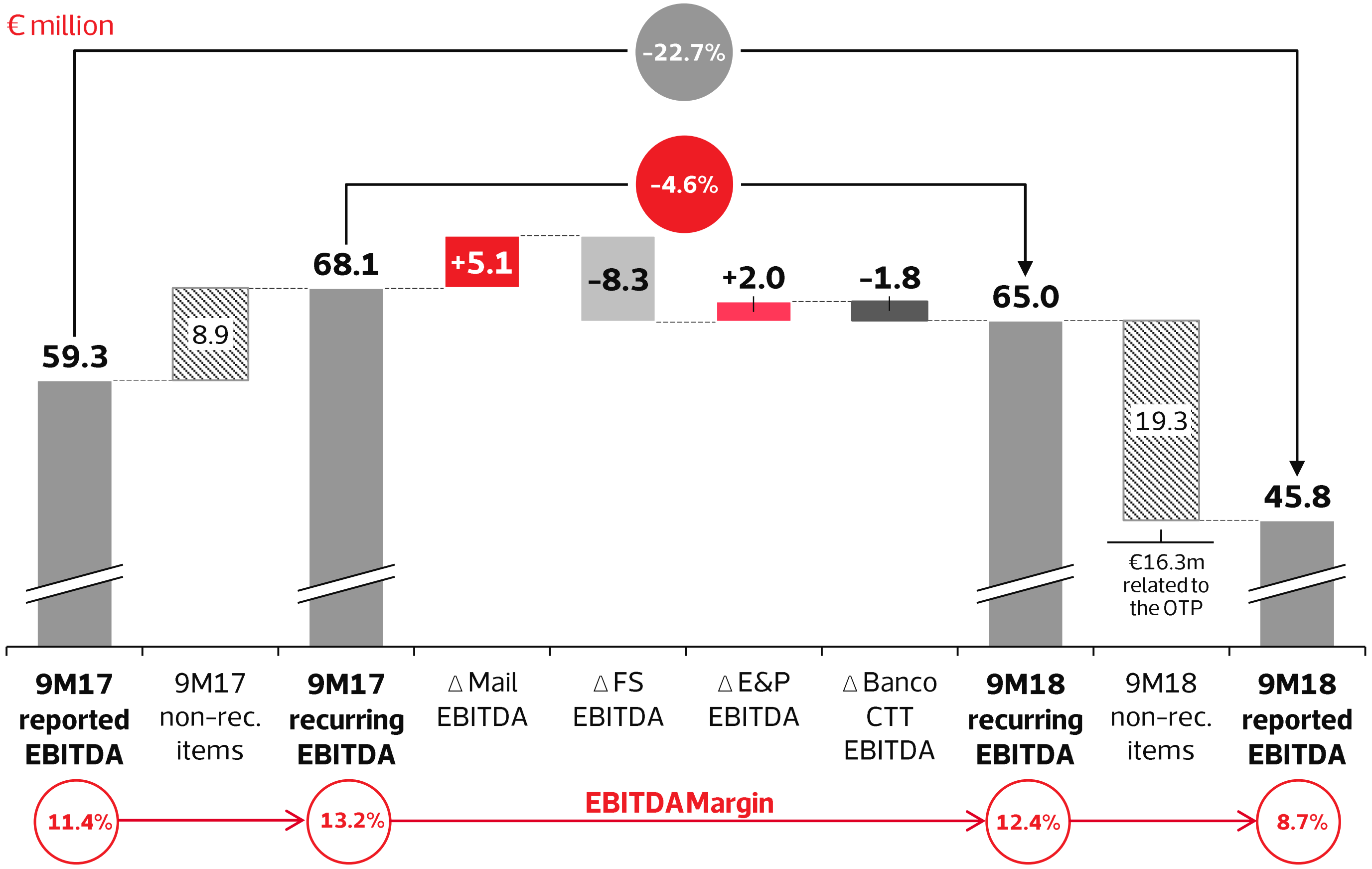
9M18; € million; % change vs. prior year; % of total



X% % of total (excl. Banco CTT)

EBITDA breakdown

€ million



- **Solid EBITDA performance in Mail** as the stabilisation of the recurring cost base & a strong pricing / positive mix effect more than offset the decline in volumes
- **FS EBITDA decreased** due to the decline of **public debt revenues** with high incremental margin. **Banco CTT 9M18 EBITDA declined mainly as a result of higher marketing costs,** although it registered an improvement (1.4%) in 3Q18

OPERATING CASH FLOW GENERATION IMPACTED BY NON-RECURRING ITEMS

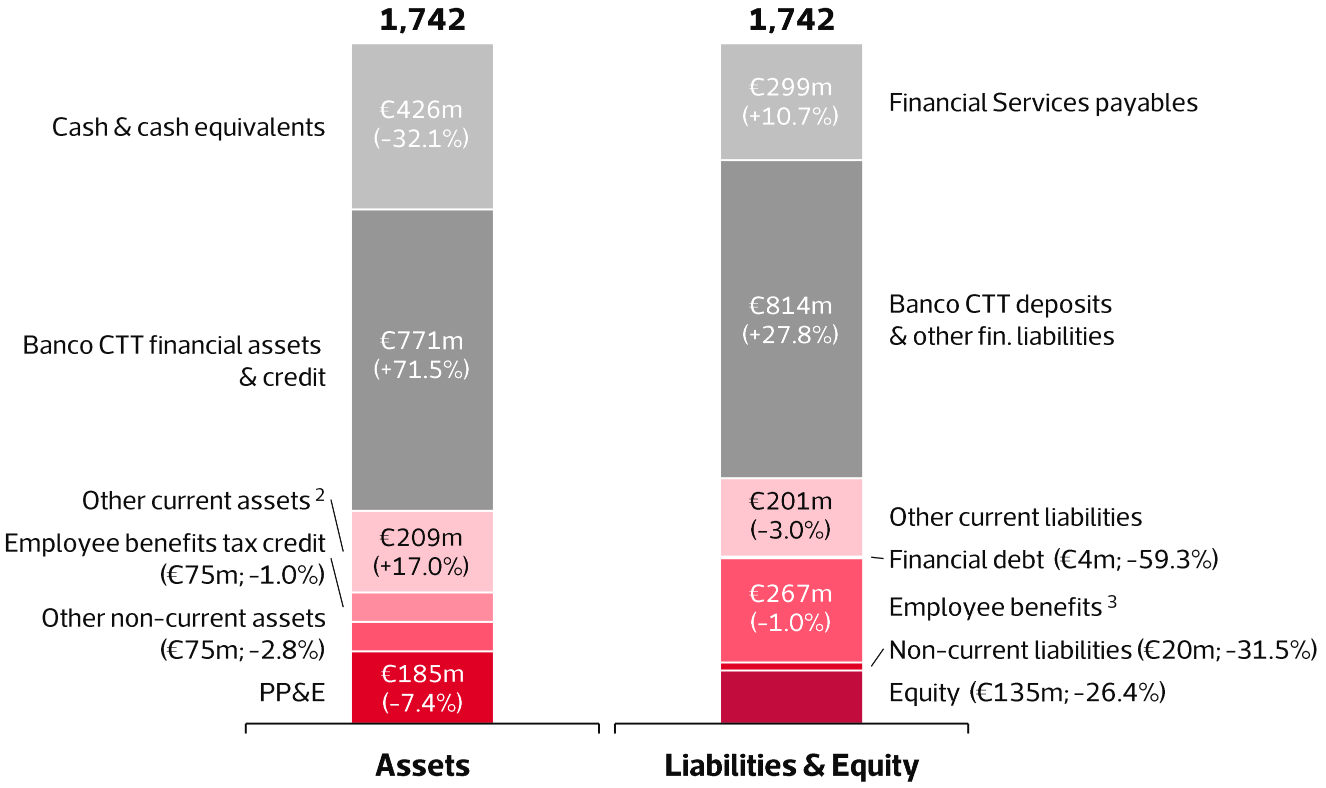
Cash flow

€ million; % change vs. prior year

	Adjusted (Excl. FS float & Banco CTT deposits and financial assets) 9M18	Δ%
From operating activities	**6.7**	**-81.0%**
Cash flow, excl. Banco CTT	13.8	-71.8%
Banco CTT cash flow	-7.1	+47.5%
From investing activities	**-20.2**	**+12.2%**
Capex payments[1] (excl. BCTT)	-17.5	+21.7%
Banco CTT Capex payments	-4.6	+8.6%
Other	1.9	-56.5%
Operating free cash flow	**-13.5**	**-208.0%**
From financing activities	**-63.3**	**+14.7%**
of which Dividends	-57.0	+20.8%
Net change in cash	**-76.7**	**-24.5%**

Balance sheet – 30 September 2018

€ million; % change vs. 31 December 2017



- **9M18 cash flow from operating activities** impacted by **€25.3m of indemnity payments related to the OTP** (of which €11.5m related to 2017 provisions paid in 2018). Excluding Banco CTT, the operating free cash flow generation was €6.5m in 3Q18
- **Net financial cash** = Cash & cash equivalents of €426m – Net Financial Services payables of €288m – Banco CTT deposits & other fin. liabilities of €814m + Banco CTT fin. assets & credit & other of €773m – ST & LT debt of €4m = **€93m,** of which €61m of Banco CTT's own cash

[1] 9M18 Capex of €11.6m, of which €4.3m related to Banco CTT.
[2] Including Financial Services receivables of €4m and €11m as at Dec-17 and Sep-18, respectively.
[3] Including current and non-current liabilities.

MAIL: REVENUES GROWTH COUPLED WITH COST REDUCTIONS FROM THE OPERATIONAL TRANSFORMATION PLAN ALLOW FOR THE EXPANSION OF THE RECURRING EBITDA MARGIN

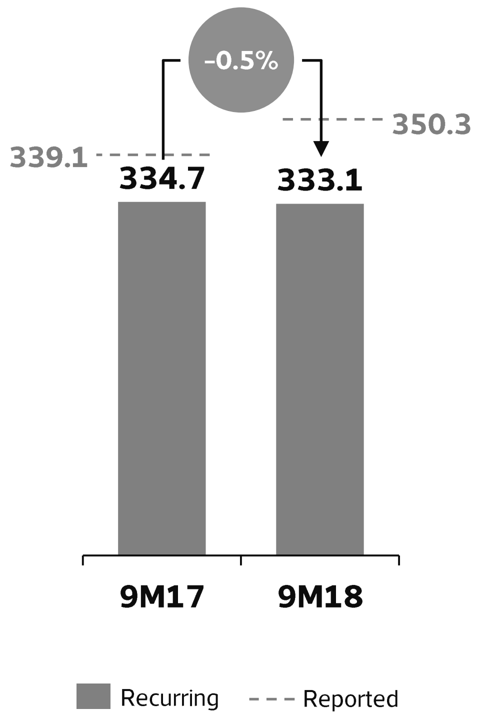
Revenues

9M18; € million; change vs. prior year

– Transactional	€308.7m (+2.5%)
– Advertising	€18.0m (-13.8%)
– Editorial	€11.0m (-6.4%)
– Business Solutions	€7.1m (+12.1%)
– USO Parcels	€4.9m (-8.9%)
– Other	€47.1m (-1.6%)
Total	**€396.8m (+0.9%)**

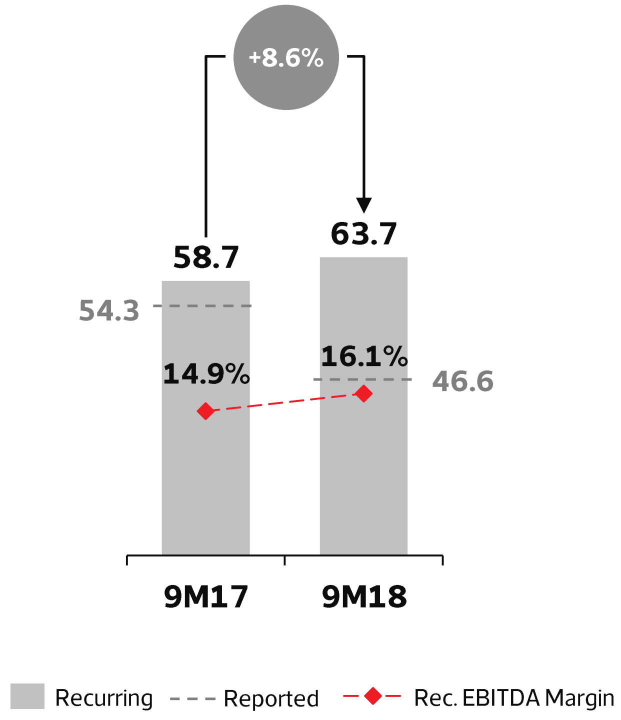
Operating costs

€ million



EBITDA

€ million



Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
9M18	N/D	515.7	445.2	43.1	27.5	316.8
vs. 9M17	+3.9%	-7.1%	-6.3%	-12.8%	-10.5%	-14.0%

FINANCIAL SERVICES: THE DECLINE IN THE HIGH INCREMENTAL MARGIN PUBLIC DEBT PRODUCTS REVENUES IMPACTED PROFITABILITY

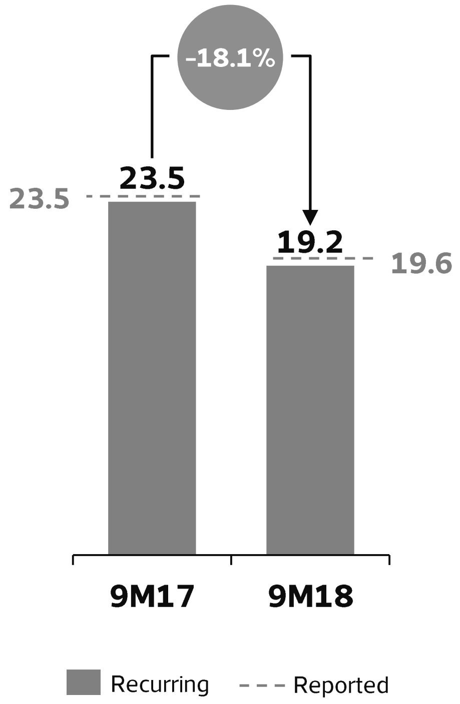
Revenues

9M18; € million; change vs. prior year

– Savings & Insurance	€12.8m (-47.6%)
– Payments	€10.0m (-6.8%)
– Transfers	€6.2m (-12.7%)
– Other	€1.7m (+66.1%)
Total	**€30.7m (-29.0%)**

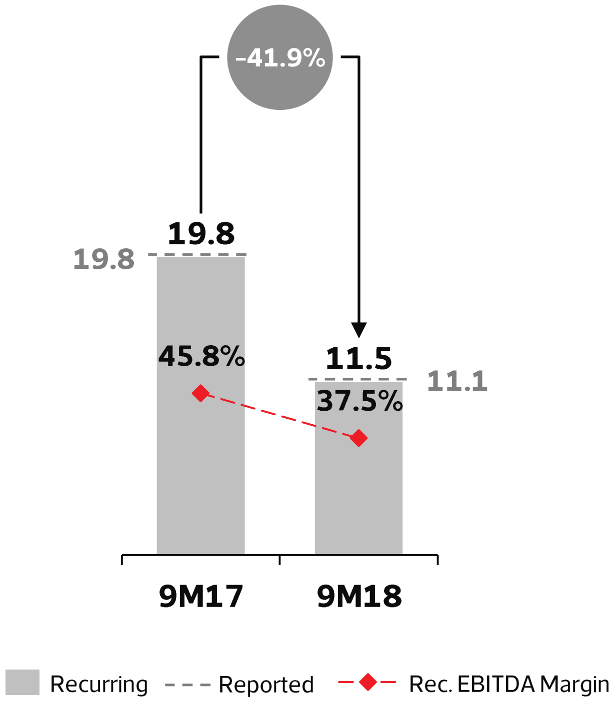
Operating costs

€ million



EBITDA

€ million



FS volumes by type

Metric	Savings & insurance placements (€bn)	Payments (m ops)	Money orders & transfers (m ops)
9M18	1.8	21.0	11.6
vs. 9M17	-44.8%	-5.3%	-12.7%

EXPRESS & PARCELS: STRONG ENGINE OF DOUBLE-DIGIT VOLUMES AND REVENUES GROWTH, DRIVEN BY E-COMMERCE

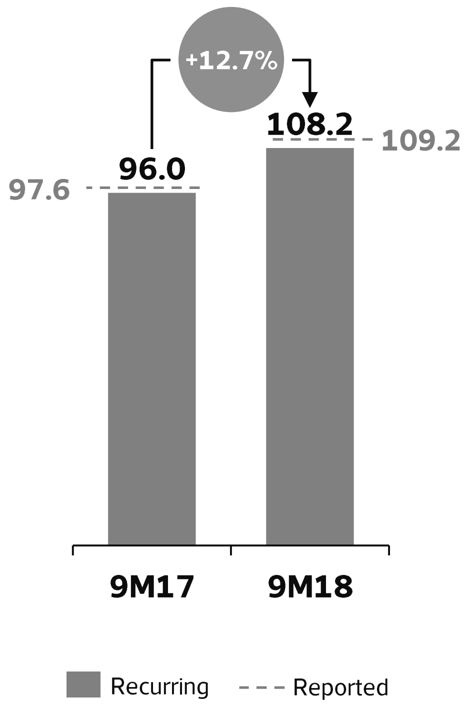
Revenues

9M18; € million; change vs. prior year

– Portugal & other[1]	**€68.6m (+16.7%)**
– Parcels	€48.9m (+6.9%)
– Cargo & Logistics[2]	€11.9m (+77.6%)
– Banking network	€4.7m (+26.2%)
– Other[2]	€3.0m (+17.3%)
– Spain	**€40.4m (+11.6%)**
– Mozambique	**€1.4m (+16.2%)**
Total	**€110.4m (+14.7%)**
Total excl. Transporta	**€99.8m (+10.2%)**

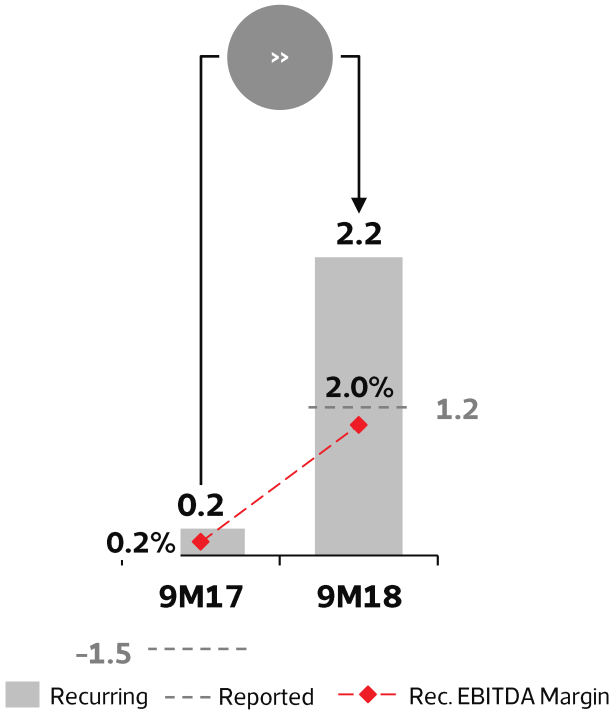
Operating costs

€ million



EBITDA

€ million



E&P volumes by region (m items)

Metric	Total	Portugal	Portugal excl. Transporta	Spain	Mozambique
9M18	27.1	14.4	12.5	12.7	0.05
vs. 9M17	+15.4%	+14.6%	+10.1%	+16.4%	-11.4%

[1] Including revenues from intra-group transactions with companies of other business units and other operating income of Portugal, Spain and Mozambique.
[2] Including Transporta revenues (€10.4m in Cargo & Logistics and €0.2m in Other in 9M18).

BANCO CTT: REVENUES GROWTH DRIVEN BY AN EXPANSION OF THE NET INTEREST MARGIN, AS CREDIT TO CLIENTS AND INVESTMENTS GREW SUBSTANTIALLY

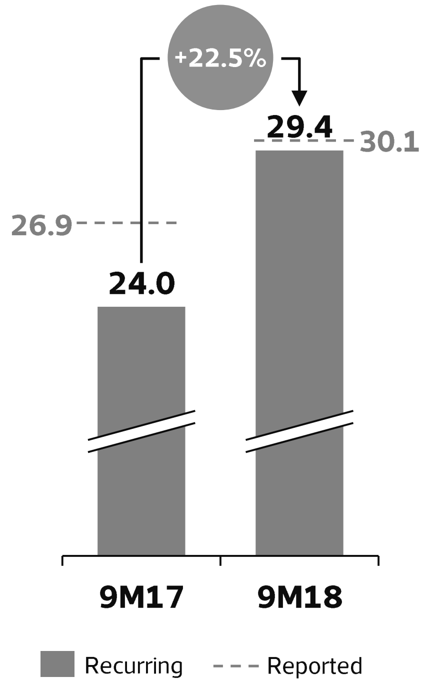
Revenues

9M18; € million; change vs. prior year

– Net interest income	**€5.5m (+€3.4m)**
– Interest income	€6.0m (+€3.4m)
– Interest expense	€0.5m (-€0.0m)
– Fees & commissions income	**€3.5m (+€0.4m)**
– Consumer credit[1] and insurance	€0.9m (-€0.9m)
– Own products	€2.6m (+€1.3m)
– Payshop & other	**€8.0m (-€0.2m)**
Total	**€17.0m (+€3.6m)**

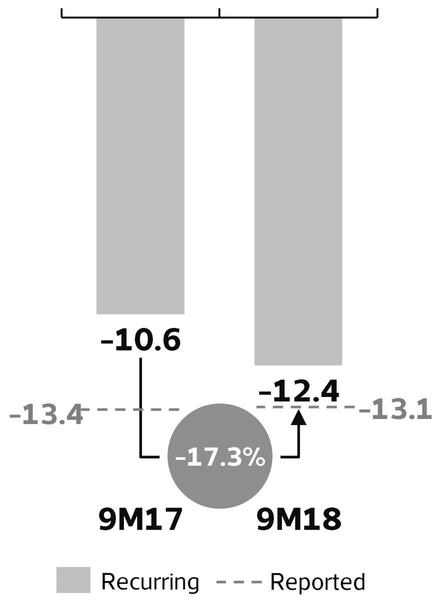
Operating costs

€ million



EBITDA

€ million



Selected Banco CTT Balance Sheet indicators

Metric (non consolidated)	Assets (€ million)				Deposits (€ million)		Equity (€ million) / CET 1 (%) (fully implemented)
	Cash & equivalents	Investments	Credit to clients	of which Mortgage	Term (incl. savings)	Sight	
30-Sep-18	220.3	449.4	201.8	184.1	213.4	576.2	94.7 / 30.4%
vs. 30-Sep-17	-34.3%	+97.4%	+375.8%	>>	+7.2%	+68.8%	+15.5% / -4.6p.p.

Mortgage credit 9M production
€122m
(55m in 3Q)

Consumer credit 9M production[2]
€30m
(12m in 3Q)

Current accounts
317k
(+91k in 9M)

Deposits
€790m
(+170m in 9M)

[1] Consumer credit & credit cards sold in partnership with BNP Paribas Personal Finance (Cetelem). The 9M17 revenues included a fixed commission fee of €0.8m from an insurance provider for the launch of sale of insurance products.
[2] Amount outside CTT's Balance Sheet, representing the amount of credit placed in 9M18, in partnership with BNP Paribas Personal Finance (Cetelem).

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3. Acquisition of 321 Crédito

CTT STRATEGY: TRANSFORM THE POSTAL BUSINESS AND CONTINUE TO DEVELOP ITS GROWTH LEVERS EXPRESS & PARCELS AND BANCO CTT…

CTT is pursuing a diversification strategy…

Preserving the value of the Mail business through the implementation of a sizeable Operational Transformation Plan to improve profitability, reinforce quality of service and sustain the mid-term transformation of the Company

Consolidating CTT's positioning as a strong and integrated Iberian CEP operator, leader in the last mile distribution in Portugal, leveraging on the e-commerce growth trend

Developing an innovative and fast-growing retail banking player focused on simplicity, transparency and proximity

…notably through the development of Banco CTT

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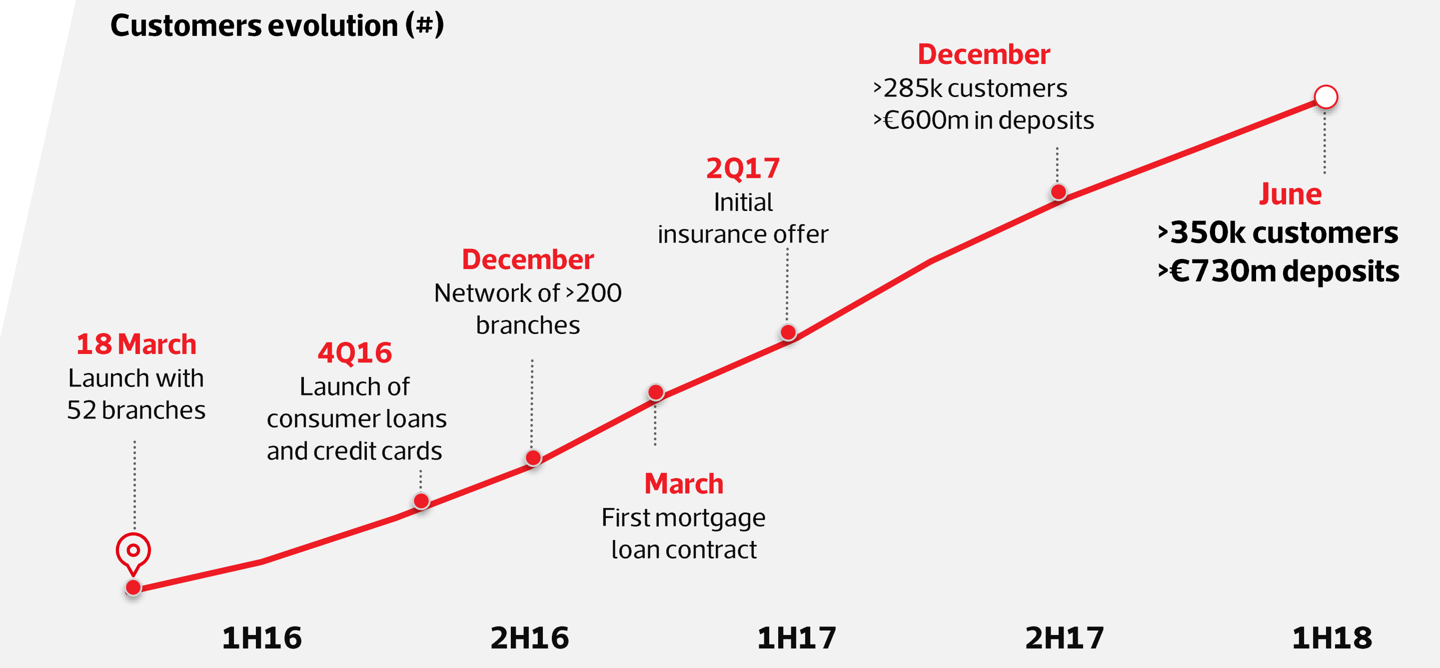


Phase I:
Launch, brand awareness, client acquisition and base product offer

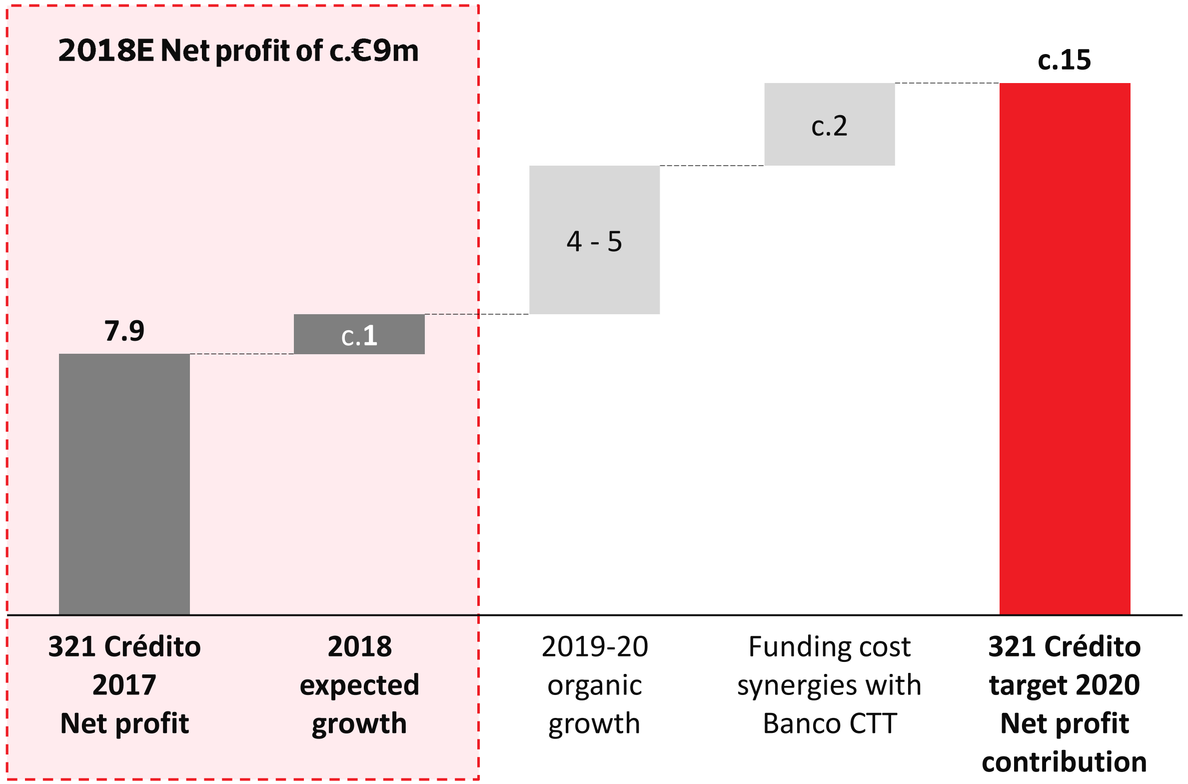
… THAT WILL BE ACCELERATED WITH THE ACQUISITION OF 321 CRÉDITO, A HIGH-PERFORMING AND PROFITABLE SPECIALISED CONSUMER CREDIT BUSINESS OPERATING IN A VERY ATTRACTIVE MARKET

321 Crédito is a fast-growing consumer credit player…

- **Specialised consumer credit institution, focused on lending for the purchase of used cars by retail clients through a network of car dealers**
- **Net Loan book of c.€250m, of which c.93% used auto loans and new production volume of €133m in 2017 (c.€80m new production and >€300m Net Loan book in 1H18)**
- **Top-5 player with a market share in 2017 of 9.2% (up from 7.5% in 2016), in a market of c.€1.4bn[1], with strong growth dynamics**
- **Net profit of €7.9m in 2017 (25.2% RoAE), expected to grow to c.€9m in 2018, based on higher expected used auto loan production**

… with upside potential within Banco CTT

Target 2020 Net profit contribution from 321 Crédito post-acquisition
(€m)



[1] Addressable market of €1.4bn as per ASFAC - Association of Specialised Credit Institutions (Associação de Instituições de Crédito Especializado) and €1.8bn as per the Bank of Portugal (BoP).

THE ACQUISITION OF 321 CRÉDITO IS AN EPS-ACCRETIVE TRANSACTION FOR CTT…

Financial terms of the acquisition

- Acquisition by Banco CTT of 100% of 321 Crédito's shares for a price of €100m, paid in cash at completion
- Post-completion price adjustment mechanism to capture regulatory capital variation [1] from 31 Dec 2017 until verification of a set of conditions precedent, such as customary banking and competition regulatory approvals
- Immediate application at completion of Banco CTT's existing liquidity to fund part of 321 Crédito's Net loan book via Shareholder Loans, the principal of which at the date hereof amounts to €30.6m
- Closing of the transaction is expected to occur during 1Q19

EPS-accretive transaction for CTT

- Acquisition aligned with CTT's strategy to find additional sources of value, diversifying and increasing the growth potential of its portfolio
- Expected positive contribution from Banco CTT to CTT's consolidated EBITDA already in2019
- EPS-accretive transaction: >25 % accretion [2] over CTT's 2017 EPS with a target 2020 ROIC [3] of c.14%
- Implied 10.0x P/E FY18 PF with funding synergies [4] below the average trading P/E of consumer finance peers of 14.4x [5]
- CTT maintains capacity to pursue future growth opportunities in other business units, especially in Express & Parcels

[1] Regulatory capital variation corresponds to the fully implemented Common Equity Tier 1 (CET 1) capital of 321 Crédito. Assuming closing on January 1st, 2019, subsequent price adjustment mechanism estimated at c.€10m: expected Net profit of the period, expected positive IFRS 9 impact in the accounting of provisions flowing through reserves and other accounting movements. [2] Earnings per share accretion. Defined as incremental Net profit per CTT share over CTT 2017 EPS. [3] Return on Invested Capital. Henceforth defined as Net profit in the period divided by total price. [4] Considers c.€10m for subsequent price adjustment mechanism, assuming closing January 1st 2019. PF stands for proforma, considering potential fully-loaded funding synergies of €2m. [5] Based on 2018 earnings consensus for selected listed peers with RoAEs above 20% (includes Credit Acceptance Corporation, Provident Financial plc, Ferratum, Enova International. Peers data as of market closing 23rd July 2018, Bloomberg.

… AND REPRESENTS A LOGICAL STRATEGIC STEP FOR BANCO CTT IN BECOMING AN INTEGRATED PLAYER IN RETAIL FINANCIAL SERVICES

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Acquire a consumer credit platform

- Complements Banco CTT's retail banking offer, enabling a more complete and diversified credit product offer
- Provides Banco CTT with specialised credit underwriting capabilities that can be expanded into other credit segments
- Experienced management team with average tenure of c.15 years in the company, with proven market know-how
- Limited integration risk, given simplicity of product, systems and processes of 321 Crédito

Optimise BCTT's balance sheet

- Applies liquidity from Banco CTT's low-cost deposit base into a higher margin consumer lending business, increasing the bank's loan-to-deposit ratio and replacing 321 Crédito's more expensive wholesale funding
- Broadens the options for Banco CTT to profitably deploy capital, providing flexibility in terms of portfolio management (e.g. maturity, asset class, risk and return)

Accelerate BCTT's revenues and profitability

- Sizeable, profitable and fast-growing consumer credit platform, with attractive risk-adjusted returns
- Banking product of >€16m in 2017, corresponding to >60% growth vs. 2016
- Loan production in 1H18 of c.€80m, which represents an increase of c.33% vs. 1H17
- Expected Net profit contribution from 321 Crédito of c.€15m by 2020

Expand market presence

- A new distribution channel (point-of-sale) comprised of >1,200 car dealers
- Potential for cross-selling of Banco CTT's products (on a client base with a similar profile)
- Potential upside contribution from CTT / Banco CTT footprint and commercial capabilities to increase market share of 321 Crédito (currently c.10%[1])

[1] As per ASFAC

THE ACQUISITION OF 321 CRÉDITO WILL CONTRIBUTE TO THE OPTIMISATION OF BANCO CTT'S LOAN-TO-DEPOSIT RATIO...

- 2 years after its launch, Banco CTT has been very well accepted by the population, having attracted more than 350k customers and more than €730m in deposits
- 321 Crédito enables the diversification of Banco CTT's product portfolio with a profitable specialised consumer credit business
- Expansion of the bank's customer base with propensity towards consumer credit
- Transaction enables the optimisation of Banco CTT's Balance Sheet, by combining its proven deposit-taking capabilities with a specialised consumer credit platform

Key metrics (1H18)

	bancoctt	+	321 crédito	=	Combined
Total Customers *(o/w with credit)*	>350k (c.10k [1])		>50k (>50k)		>400k (c.60k)
Deposits	>€730m		-		>€730m
Credit *(o/w on own BS)*	>€200m [2] (c.€150m)		>€300m (>€300m)		>€500m (>€450m)
Credit Production LTM [3]	>€165m [2]		>€150m		>€315m
Loan-to-deposit ratio	c.20%		-		>60%

[1] Includes customers with personal credit outstanding.
[2] Banco CTT considers credit products placements, including credit placed by Banco CTT on its own Balance Sheet and the total gross outstanding balance of credit placed by Banco CTT branches (outside Banco CTT's Balance Sheet), in partnership with BNP Paribas Personal Finance (Cetelem).
[3] Last twelve months.

... WHICH WILL ENABLE THE ACCELERATION OF BANCO CTT'S FINANCIAL PERFORMANCE

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+

321 crédito Soluções Crédito Especializado

Banco CTT's key financial targets [1]

Positive EBITDA contribution	2019
Positive Net profit	2020
Additional capital until 2020 [2]	c.€20m
ROE long-term aspiration	c.15%

[1] Banco CTT's on a consolidated basis, assuming closing on January 1st, 2019.
[2] In addition to the capital increase required to finance the final acquisition price.

321 CRÉDITO IS A WELL-ESTABLISHED SPECIALISED AUTO CREDIT FINANCIAL INSTITUTION...

Company overview

- 321 Crédito is a credit institution focused on the provision of credit for the purchase of used cars to individuals through a network of >1,200 car dealers
- #4 in Portugal with 9.2% market share (ASFAC[1]) in 2017 (10.3% in December 2017)
- Loan origination of €133m in 2017 with average gross yield of 8.5%[2]
- Experienced team of 100+ employees, with an average tenure in the Company of c.15 years (including Management team) under different owners
- Licensed and supervised by the Bank of Portugal

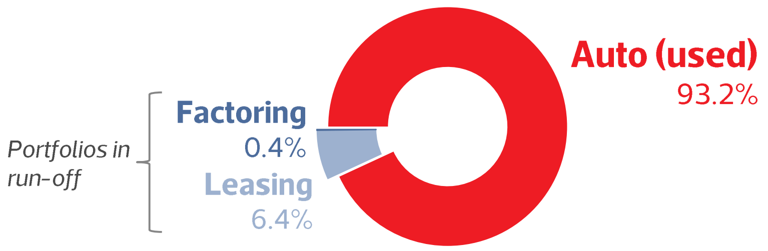
History – Key milestones

Dec. 2014 — **Acquisition** by Firmus, a company controlled by Cabot Square Capital (UK Private Equity)

Jun. 2015 — **Restructuring**, including adoption of the brand 321 Crédito, update of strategy and positioning, reorganisation of the team, paving the way for future growth

Jul. 2017 — **Refinancing & First Public Securitisation,** access to market funding as a key milestone given business model characteristics (i.e. no deposit-taking)
- Ulisses 1: First public securitisation after the acquisition by Firmus
- Chaves 7: Private warehouse facility with two leading global banks

Loan portfolio (Net loan portfolio; € million; 31 Dec 2017)

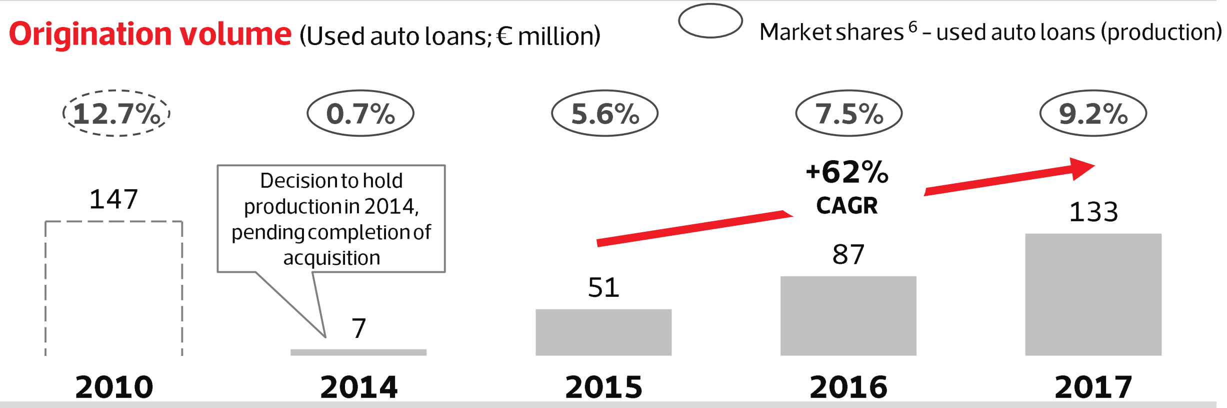


Loan portfolio: €251m[3]

NPL ratio[4] **9%**

NPL coverage ratio[5] **114%**

Origination volume (Used auto loans; € million)

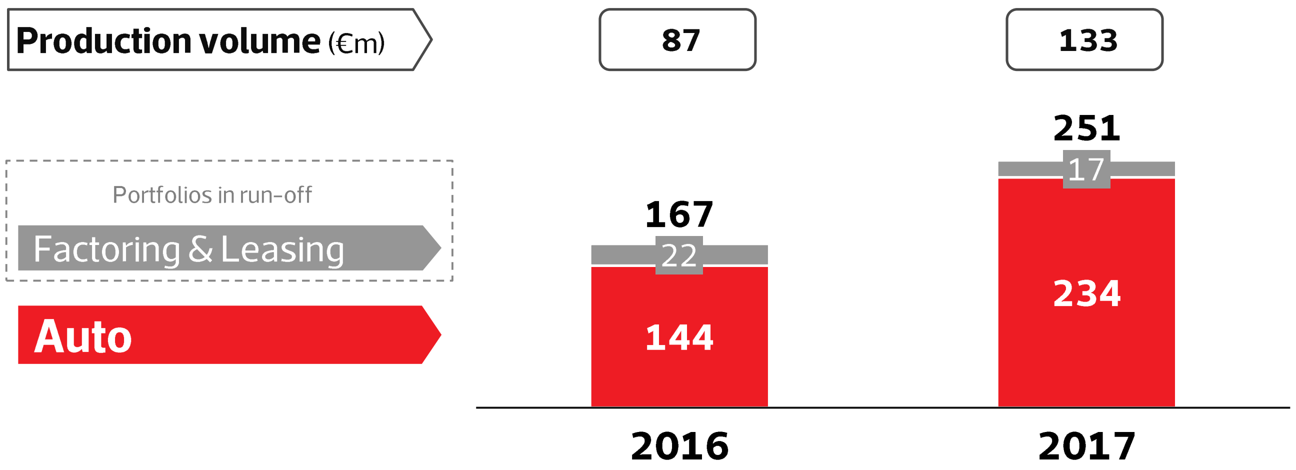


[1] Association of Specialised Credit Institutions (Associação de Instituições de Crédito Especializado). [2] Gross yield, excludes ancillary yield (e.g. insurance commissions, prepayment fees, etc.). [3] Figures based on Net asset value (Gross loan value subtracting provisions).
[4] Calculated as per EBA's (European Banking Authority) definition: Non-performing loans and advances to customers divided by total loans and advances to customers (gross).
[5] Calculated as per EBA's (European Banking Authority) definition: accumulated impairment on loans and advances to customers / total non-performing loans and advances to customers (gross). [6] As per ASFAC

…WHICH HAS EXPERIENCED SIGNIFICANT GROWTH SINCE ITS RESTRUCTURING AND THE STABILISATION OF THE PORTUGUESE ECONOMY

321 Crédito loan portfolio and profitability evolution

Loan portfolio (Net loan portfolio; € million)



Variation 2016-2017

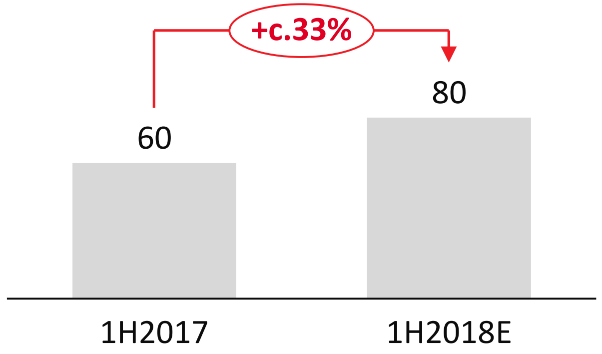
Production volume: **+54%**

Loan portfolio (Auto): **+62%**

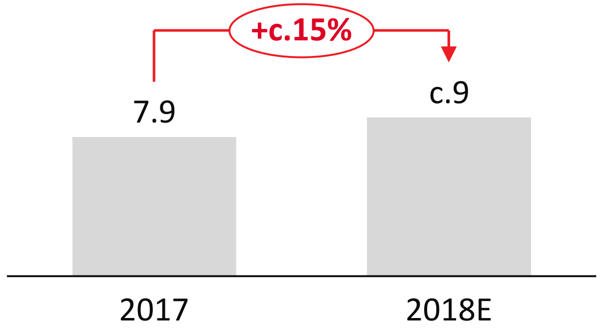
	2016	2017	Variation 2016-2017
Banking product	10.2	16.3	+60%
Operating costs [1]	(7.6)	(8.5)	+12%
Provisions & impairments [2]	2.3	1.3	-45%
Net profit	4.5	7.9	+77%
NIM & Commissions yield [3]	6.8%	6.8%	+0.0 p.p.
Cost-to-income ratio	74.2%	51.8%	-22.5 p.p.
Cost-of-risk [4]	-1.6%	-0.6%	+1.0 p.p.
Return on Average Equity [5]	17.8%	25.2%	+7.4 p.p.

2018 key financial trends [6]

Production
(€ million)



Target Net profit
(€ million)



[1] Excludes D&A. [2] Provisions & impairments as per 2016-17 statutory accounts. Positive impact on P&L due to NPL recoveries. [3] Net interest margin and commissions divided by average net loan book. [4] Provisions & impairments as per 2016-17 statutory accounts, divided by average Net loan book. Negative value corresponds to positive impact of provisions & impairments on P&L. [5] Defined as Net profit divided by the average Equity of the year. [6] Annual figures as per Annual Reports and half-year unaudited figures.

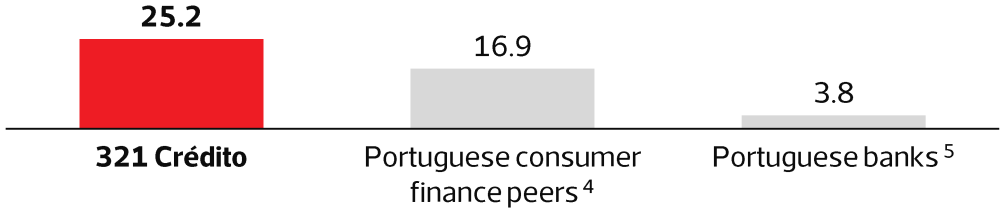
321 CRÉDITO IS FOCUSED ON THE PROVISION OF USED AUTO LOANS, WHICH IN PORTUGAL HAVE GENERATED ATTRACTIVE RETURNS

Used auto loan product key characteristics

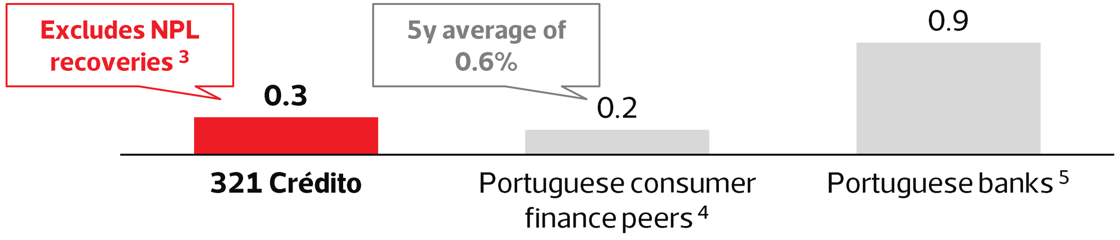
- **Product:** dealer point-of-sale loan whereby customer receives a loan explicitly linked to an auto transaction
- **Ticket:** average ticket originated in 2017 of c.€10.5k
- **Term:** 12 to 120 months (average 64 months)
- **Interest rate:** average gross yield of 8.5% in 2017, predominantly fixed rate
- **LTV:** 93% average in 2017
- **Collateral:** lender retains a right over the vehicle (in case of default it is expected that c.60% of outstanding debt amount could be recovered[1]), contributing for historical LGD levels of c.30%-40%
- **Controlled risk:** auto credit is a top priority for households (after mortgage), maximum total indebtedness (DSTI[2]) on origination of 50%, impact of default on customers' credit track record, and relatively low tickets, have ensured historically low default levels

321 Crédito key metrics vs. different finance segments

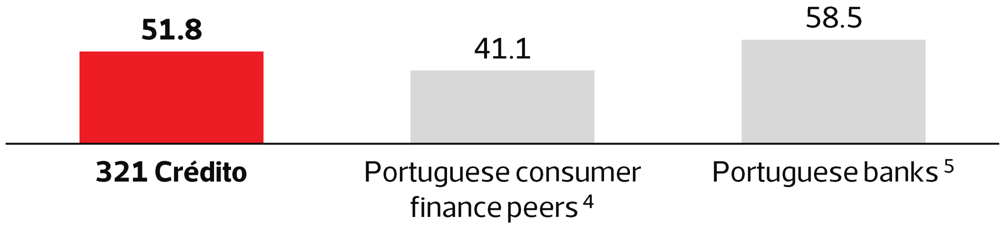
Return on Average Equity (RoAE) (%, 2017)



Cost of risk (%, P&L provisions & impairments divided by net loan book, 2017)



Cost-to-income (%, 2017)



[1] Based on historical data. [2] Debt service-to-income ratio (DSTI) corresponds to the ratio between a borrower's total monthly debt installments (associated to all credits) and monthly income, net of taxes and mandatory contributions to social security.
[3] Cost of risk of -0.6% (as per statutory accounts) including NPL recoveries. [4] Benchmark of consumer finance peers includes Credibom, Cetelem, Santander Consumer Finance, Banco Primus, BBVA Consumer Finance. [5] Benchmark of Portuguese banks includes Caixa Geral de Depósitos, Santander Totta, Millenium BCP, BPI, Montepio; Source: Annual Reports.

321 CRÉDITO OPERATES IN A SIZEABLE ADDRESSABLE MARKET WITH STRONG GROWTH DYNAMICS & BENEFITS FROM A FAVOURABLE COMPETITIVE POSITIONING, HAVING GAINED SIGNIFICANT MKT. SHARE

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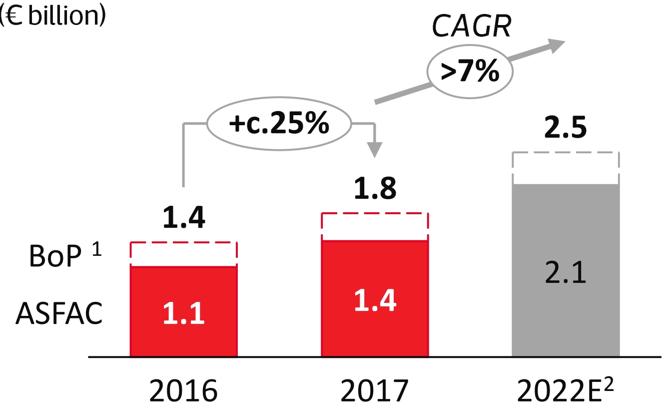
Sizeable addressable market with strong growth dynamics

Used auto loans origination market

(€ billion)



Key growth drivers

- **Motorisation rate** converging to the levels of other EU countries, reflecting economic recovery
- **Used car parc turn rate** increasing given economic recovery and Portugal structural bias towards used cars
- **Average price of used car** increasing with shift to newer used cars (convergence with EU countries)
- **% of financed sales** increasing with rise of average car price (car parc renewal with newer cars)

[1] Includes used auto leasing amounts. [2] Oliver Wyman estimates.
Source: ASFAC used auto loans market shares.

Strong competitive positioning of 321 Crédito with significant market share growth over the last years…

Market Top 5 players	% change 2017 vs 16 (p.p.)	Production Market share (%, 2017)	Products
Player 1	-3.8	24.8	Credit cards, Auto loans, Personal credit
Player 2	+1.7	23.6	Credit cards, Auto loans, Personal credit
Player 3	+0.7	16.7	Credit cards, Auto loans, Personal credit
321 crédito	+1.6	9.2 (10.3% in Dec 2017)	Auto loans
Player 5	-3.2	8.3	Credit cards, Auto loans, Personal credit

% change 2017 vs 16 (p.p.) · Credit cards · Auto loans · Personal credit

…underpinned by 321 Crédito key differentiating factors vs. competitors

Strength

Relationship with dealers
- Proactive & capable commercial team
- Strong long-term relationships with dealers

Product focus & controlled risk
- Simple product with strong market acceptance
- Strict underwriting and collateral policy

Customer service
- Reliable and efficient service

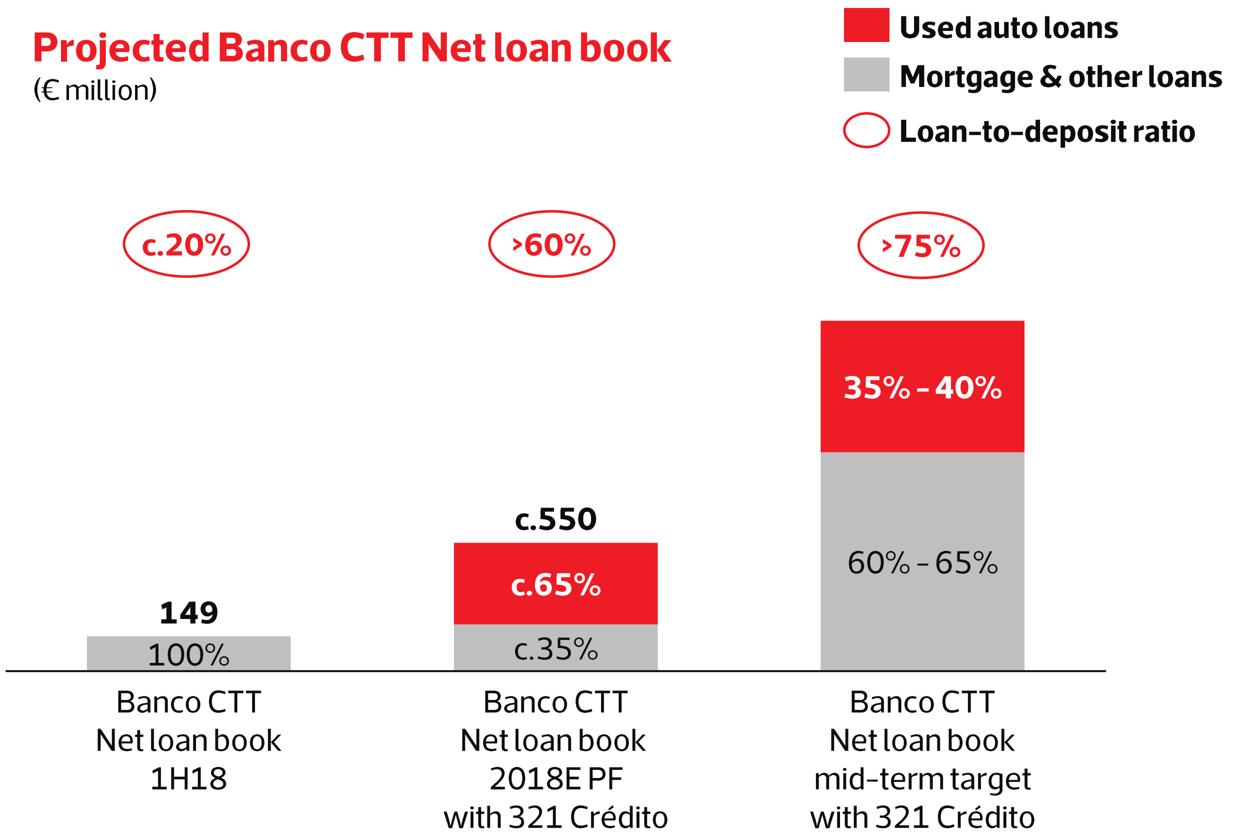
Lean approval
- Lean approval and fast loan disbursement process

User-friendly platform
- Quick and easy for dealers to use platform

THE INTEGRATION OF 321 CRÉDITO PROVIDES AN ADDITIONAL CREDIT PRODUCT LINE TO BANCO CTT'S MODEL, WITH IMPROVED PROSPECTS FOR RETURNS ON RISK-WEIGHTED ASSETS...

Projected Banco CTT Net loan book

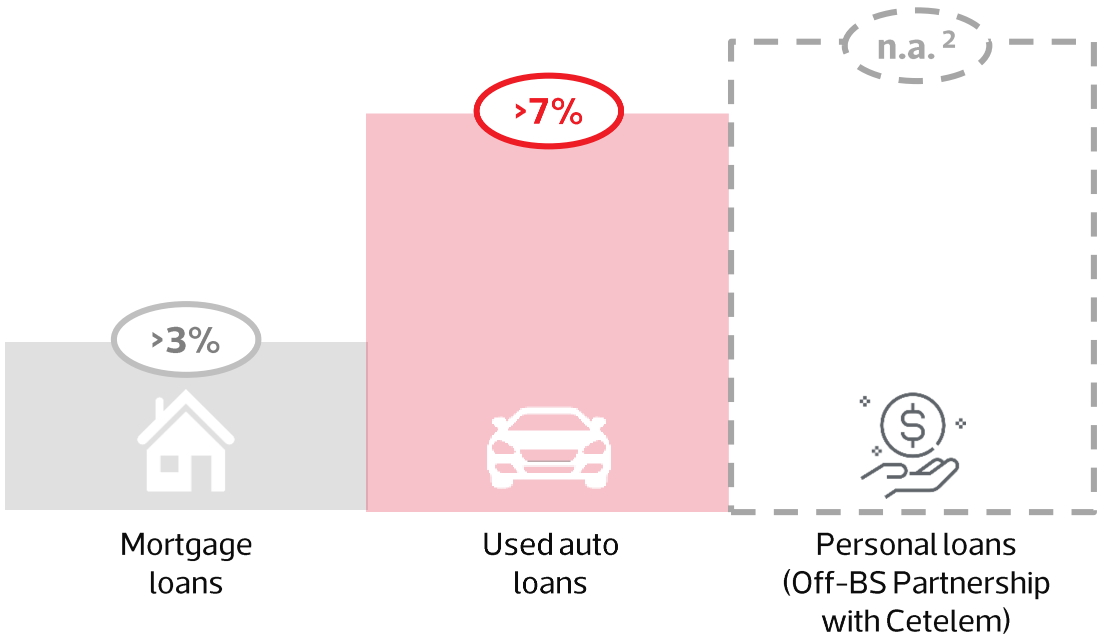
(€ million)



- **Acquisition of 321 Crédito significantly increases Banco CTT's Net loan book and adds options in terms of capital allocation and portfolio management**

Estimated Risk adjusted margin on RWAs[1]

(%, illustrative example)



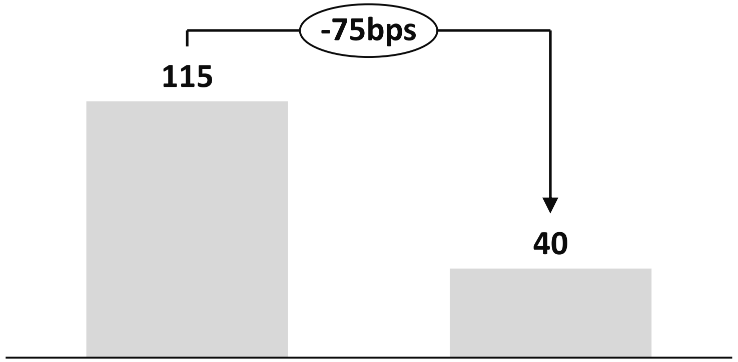
- **Introduction of used auto loans in the product portfolio allows Banco CTT to deploy capital in a segment with higher risk-adjusted returns**

[1] Risk adjusted margin on RWA calculated as net spread after cost of risk divided by risk-weighting. Net spread after cost of risk calculated as [business spread (interest and deferred commissions) – funding spread – cost of risk]. Gross as it does not consider other costs and taxes.
[2] Non-applicable given no credit risk-weighting on Banco CTT's Balance Sheet.

… AND WILL ALLOW FOR SIZEABLE FUNDING SYNERGIES, WITH ADDITIONAL POTENTIAL VALUE TO BE CAPTURED FROM COST EFFICIENCIES AND CROSS-SELLING

Sizeable funding and cost synergies to be materialised…

Funding spread
(bps)

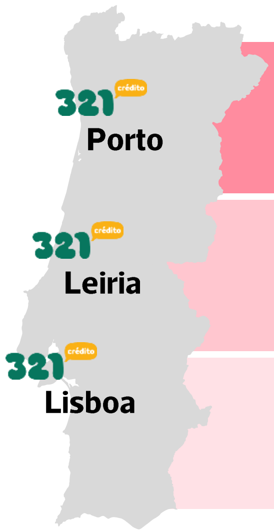


321 Crédito average wholesale funding spread (2017)	Banco CTT deposit spread (2017)

- c.75 bps cost differential to unlock savings on the funding of 321 Crédito's target loan book, would lead to a potential positive impact of c.€2m on Net profit in 2020

- **Funding synergies to be achieved over the next years as existing wholesale funding (e.g. securitisations) of 321 Crédito matures and is gradually replaced with funding from Banco CTT**
- **New 321 Crédito lending activity funded with Banco CTT's resources, optimising Balance Sheet and liquidity management**
- **Cost savings expected from efficient procurement / overhead spending and optimisation of future hiring requirements in the development of Banco CTT**

… with additional revenue enhancement potential



Region		2017 Production (%)
North	• c.570 points of sale • Production €71m	53%
Centre	• c.325 points of sale • Production €21m	16%
South	• c.410 points of sale • Production €42m	31%

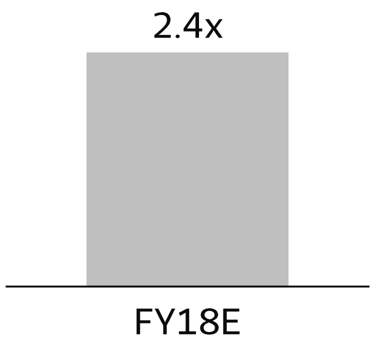
- **Strong presence in the North region of Portugal**
- **Opportunity to further expand the dealer network, leveraging on CTT / Banco CTT's nationwide presence and commercial force, particularly in the Centre and South regions of Portugal**
- **Cross-selling of Banco CTT's products (mortgage loans, insurance products, consumer loans) on 321 Crédito client base, with a propensity for consumer credit**

IMPLIED ACQUISITION MULTIPLES BELOW THOSE OF LISTED CONSUMER FINANCE PEERS

Transaction key financial highlights

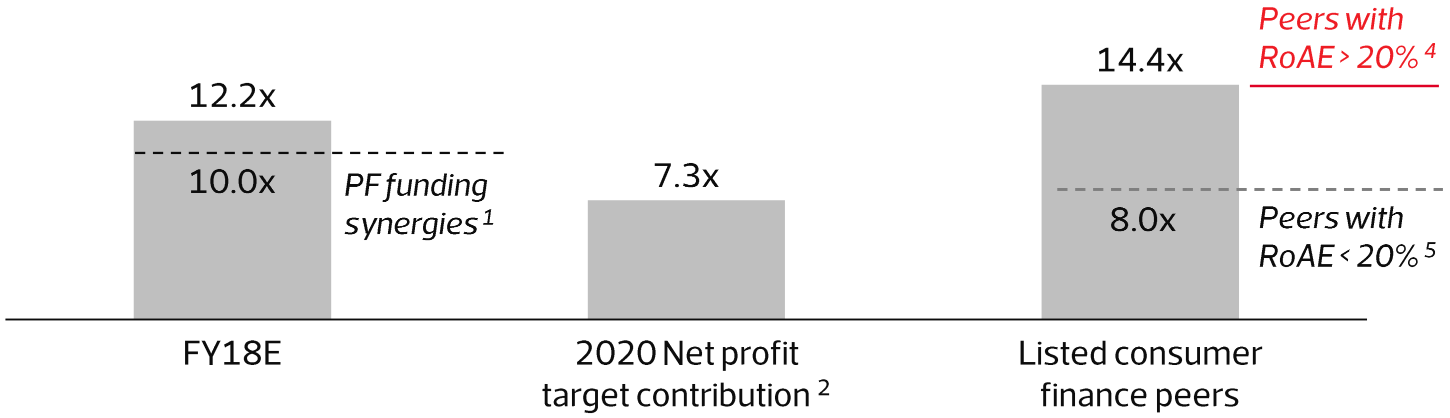
- **2020 target ROIC of c.14%, significantly above CTT's cost of capital**
- **Transaction significantly accretive to CTT's EPS, with over >25% accretion over 2017 reported Net profit (excluding potential synergies)**
- **P/BV multiple consistent with high RoAE businesses, significantly above cost of equity requirements**
- **P/E multiple FY18E PF with funding synergies of 10.0x and P/E 2020 Net profit target contribution of 7.3x below those of listed consumer finance peers average P/E of 14.4x**

P/BV multiple...



...consistent with the **high RoAE** profile of 321 Crédito

P/E multiple below those of listed consumer finance peers [3]



Note: Assuming closing on January 1st, 2019, considers c.€10m for subsequent price adjustment mechanism.
[1] Considers potential fully-loaded funding synergies of €2m. [2] Based on 2020 Net profit target contribution of c.€15m. [3] Listed peers data as of market closing 23rd July 2018, Bloomberg.
[4] Selected listed consumer finance businesses with 2018E RoAE above 20% (based on 2018E earnings consensus as per Bloomberg and assuming 50% dividend payout), which includes: Credit Acceptance Corporation, Provident Financial plc, Ferratum, Enova International.
[5] Selected listed consumer finance businesses with 2018E RoAE below 20% (based on 2018E earnings consensus as per Bloomberg and assuming 50% dividend payout), which includes: Santander Consumer USA, Ally Financial, Consumer Portfolio Services.

CTT Investor Relations

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Upcoming Events

- **6 November – Madrid – Roadshow with Haitong**
- **12 December – London – ESN Conference**