



Annual Report  
2019

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banco**ctt**



## We are a Trusted Bank

Our history is short, but the trust that customers, partners and shareholders place in us encourages us to grow. Based on the values of simplicity, transparency and innovation, we focus daily on our commitments, and on delivering more and better, reinforcing the vote of confidence that is given to us.

# Annual Report 2019

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## Banco CTT, S.A.

Registered Office: Avenida D. João II, nº 13, Edifício Báltico, Piso 11º, 1999-001 Lisboa  
 Sole registration and taxpayer number at the Commercial Registry Office: 513 412 417  
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 (hereinafter "Bank", "Banco CTT" or "Company")

## Disclaimer:

The Board of Directors unanimously resolved to approve the Management Report, the Financial Statements and the respective annexes and the Corporate Governance Report for the year of 2019, in a meeting that took place on March 13, 2020, by telematic means, under the terms and under the provisions of number 8 of article 410 of the Portuguese Companies Code and the respective internal operating regulations, following the pandemic outbreak of COVID-19. For this reason and in view of the current circumstances, it was not possible - until the present date - to obtain all the signatures of the members of the management and supervisory bodies in the annual report, having Banco CTT, SA opted to publish and report the approved version of the Annual Report, even if not fully signed.

João  
Moreira  
Rato

Chairman  
of the Board  
of Directors



## Chairman's Statement

On 13 September, the General Meeting of Banco CTT established a new Board of Directors which I have the honour of chairing.

This Board of Directors is distinguished by its independence. Of its seven non-executive members, four are independent and only two perform duties at CTT. This Board of Directors is extremely rich in terms of diversity of professional experience and accumulated knowledge both in financial institutions and in academic environments. We are an attentive Board of Directors and embrace the Board's meetings with a critical spirit. This is also a Board of Directors with a richer gender balance.

This Board is assisted in its supervisory duties by an Audit Committee composed of three independent members.

The Board of Directors shall oversee the implementation of the risk control system of Banco CTT and, when necessary, review the Bank's internal policies. The aim is to take into account the variety of stakeholders of Banco CTT, including the social and environmental impact of the Bank's activity. Not forgetting that the customers are the reason for the very existence of Banco CTT. This Board of Directors does not wish to be a mere observer, nor does it intend to spuriously get involved in daily management, which it delegates to the Executive Committee.

Banco CTT is currently a fully instated institution in the national financial system.

With over 500 thousand customers and having surpassed the milestone of 1,500 million euros of customer funds, this brand enjoys significant recognition among the Portuguese population.

It is in this context that a new medium-term strategy was approved at the end of 2019. With reinvigorated ambition, Banco CTT now enters a cycle giving priority to profitability, boosting the core business of retail banking, making its subsidiaries flourish and starting to explore opportunities in small company segment.

The Board of Directors shall oversee this new stage with total dedication, highlighting its full confidence in the Executive Committee's capacity to achieve results in line with the strategic plan, as well as in all the employees of the Banco CTT Group.

### João Moreira Rato

Chairman of the Board of Directors

13 March 2020



## CEO's Statement

2019 was yet another remarkable year for Banco CTT, with a significant acceleration of commercial activity, combined with inorganic growth making the institution more complete and more diversified.

In the retail business for individuals the growth of the customer base continues unceasingly. By the end of the year, Banco CTT had more than 500 thousand customers and more than 1,200 million euros of funds on the balance sheet, unequivocally manifesting its strength and distinctive nature in the national financial system.

With a network of over 212 branches and growing productivity gains, this last year was exceptional in terms of customer funds, with total of 750 million euros, 350 of which through the retirement savings plan (PPR) offer.

With this record, right in the first year of its offer, Banco CTT became a reference player in PPR, achieving a market share close to 10%.

On the credit side, the year was also one of affirmation. Once again, we were "Five Stars" in mortgage loans, repeating the recognition of the Portuguese population both in terms of our offer and the quality of the service provided. The impact of Banco CTT on the market is also outstanding for this product, with a television campaign having been carried out with a confirmed higher recall level.

In the mortgage loan area, the year was also marked by the launch of the first "partner portal", enabling the remote generation of processes by our network of intermediaries, promoting service flexibility and quality.

2019 was also a year of evolution in the payment subsidiary: Payshop. With a network that has grown to more than 4,800 agents, combined with CTT post offices and postal agencies, in 2019, Payshop returned to a trend of growth, with over 650 million euros processed. The programme of investment in the network of agents, the strengthening of market communication and the conquest of new institutional customers all contributed to these results.

But 2019 had even more novelties at Banco CTT.

In April of this year, Banco CTT completed the process of acquisition of 321 Crédito, a company specialised in used motor vehicle credit, consolidating its presence in a flourishing market segment with distinctive profitability levels. With 321 Crédito, Banco CTT is stronger and more balanced, having already captured an important funding synergy, optimising the use of liquidity obtained in the retail network and accelerating the loan-to-deposit ratio from 28% to 69%.

In 2019 we stopped being "yet another retail bank" to become a diversified financial group, based on 3 different business units, but with a synergetic value between them: **retail banking, specialised credit and payments.**

Is in this context that we accomplished our first financial goal: in 2019 we reached operational break-even, henceforth contributing positively to the EBITDA of the CTT Group.

If we have managed to cover this path in less than 4 years, what can we expect for the near future? In 2020 we shall enter into a new stage, absolutely focused on ensuring the profitability of the investment that has been made, now promoting our second goal: **achieving the first year of positive net income.**

In retail banking we shall increasingly be the "first bank" of our customers, deepening the relations that have been initiated and driving the profitability of the installed franchise. We shall be a Bank with considerable funds, we shall grow in consumer credit and prepare the Bank to enter the small company segment.

In specialised credit, 321 Crédito has already begun investment in commercial capacity, combined with the technological turn-around underway, enabling us to aspire to an unprecedented market position already in 2020.

In payments, 2020 is the year of the "refoundation of Payshop". The accomplishment of the technological plan shall enable our progressive entry into the "digital arena of payments", added to the strength of the network of agents, giving rise to a unique positioning in the market.

In sum, 2019 was a great year for Banco CTT, and we are now embarking on a new cycle with the same relentless pace. We shall not forget our foundational values. We shall create a simple, transparent, close bank, focused on our customers. We shall be a more diversified, complete financial group, driven by the creation of value.

I would like to finalise, on behalf of the Executive Committee and in my own name, by thanking the work and dedication of all who have participated in this Banco CTT project, from the central services, to the Retail Network, to the employees of Payshop and 321 Crédito.

I also extend my gratitude to the corporate bodies, to all our partners, credit intermediaries, Payshop agents and all other service providers. They are all also Banco CTT.

I would also like to leave a word of thanks to the Supervision Authorities, in particular to Banco de Portugal which has overseen the Bank's growing activity very closely and rigorously.

Together, we shall renew our commitment, on a daily basis, to make a different bank, which shall continue to merit the trust of our customers.

### Luís Pereira Coutinho

Chairman of the Executive Committee

13 March 2020

Luís  
Pereira  
Coutinho

Chairman  
of the Executive  
Committee

