

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

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