

## CHAIRMAN'S STATEMENT



The present Board of Directors of Banco CTT was sworn in September 2019. Our term of office is approaching its end. It is with pride in the Banco CTT team and gratitude for the trust deposited by our customers that I make a very positive assessment of this achievement-filled period.

Our term of office began with the approval of the strategic plan for Banco CTT, whose execution we have been monitoring. Since 2019, the number of accounts opened by new customers has continued to increase, including in months when the economy shut down due to the pandemic caused by Covid-19. We ended 2019 with 460,000 accounts open and we now have more than 570,000 accounts. Deposits from customers more than doubled from 1,283 million euros to 2,800 million euros at the end of 2021. 321Crédito, a company that was integrated into the Banco CTT Group as of May 2019, went from a loan portfolio of 447 million euros at the end of 2019 to 600 million euros at the end of 2021. Savings products, another priority area of the defined strategy, also doubled in volume between 2019 and 2021, from just over 350 million euros to 700 million euros. The product

offering to customers has more than doubled, increasing choice and including an ESG-focused product. And in a very difficult context, in the midst of a pandemic, the Bank reached its break-even point in 2020.

One business area identified as strategic in the approved 2019 plan was consumer credit. Banco CTT's presence in this market was extended with the partnership with the SONAE Group within the framework of the Universo card, which already contributes around 300 million euros to the stock of credit granted by the Bank. However, Banco CTT starts 2022 with a digital personal credit offer, which was developed from scratch by the bank in partnership with Cetelem.

The development of the bank's digital capacity was substantial during this three-year period, with the multiplication of functionalities and an increasing rate of use by customers.

During this term, a Chief Risk Officer was appointed, as well as new Risk, Compliance and Data Protection Directors. The reorganisation of the bank's control functions was closely monitored by the Board of Directors and the Audit Committee.

This Board of Directors, always supported by the diligent work of the Audit Committee, paid special attention to updating the bank's policies and regulations. It worked in constant liaison with the internal audit function, following up on the resolution of any major issues identified.

I would also like to highlight, following the message from our CEO, the quality of the relationship that Banco CTT maintained with Banco de Portugal during this three-year period.

The Board of Directors ends its term with great pride in the work done by the Bank during this period, thanks to the executive committee's capacity to execute, the commitment and dedication of all employees of the Banco CTT Group and the support of its shareholder.

**João Moreira Rato**

Chairman of the Board of Directors

14 March 2022

## CEO'S STATEMENT



### A great year, in a challenging context

In 2021, following the break-even achieved in 2020, and in only the fifth full year of life, Banco CTT presents a very positive financial performance: 16 million euros of consolidated net income.

This result was made possible by the 24% growth in net operating income, to a total of 100 million euros, supported by the increase in net interest income and in commissions, combined with gains from the sale of financial assets.

This performance is even more significant if we take into account the challenging context, still marked by the health crisis and exceptionally low interest rates.

After this period, we unequivocally reaffirm: Banco CTT resiliently went through the pandemic, presenting an enviably healthy balance sheet and

an increased capacity to finance the Portuguese economy in the recovery that is already underway.

The year was marked by important advances in all business segments.

In **retail banking**, we now have a base of more than 670,000 customers, with a growing relationship with Banco CTT.

In fact, more than 50% of the customers recognize Banco CTT as their "Main Bank", and 40% already deposit their salary or process their recurring expenses with the Bank.

Confirming this loyalty, we also observed the frequent use of digital channels by more than half of customers - above the industry average -, the 21% growth in deposits from customers and the growth of more than 30% in the volume of customer transactions. The significant scale increases in all aspects were adequately supported by the Bank's technological solutions.

Also in this area, we highlight the evolution of off-balance savings solutions, in partnership with several leading insurers in the national market. Banco CTT is today a distinctive platform for the placement of PPR-type savings and capitalisation insurance products, with a portfolio of more than 700 million euros at the end of the year and a market share of more than 4% in gross premiums written.

In **consumer credit**, Banco CTT became one of the relevant players in the national market, with a total portfolio of over 1 billion euros. Last year, the accelerated growth strategy in this business area, with significant margins, was marked by the partnership with the SONAE Group, with Banco CTT becoming the exclusive financier of the Universo card, with more than 1 million subscribers. With this long-term partnership, Banco CTT materialises a substantial and diversified presence in the consumer finance market, now based on 3 "growth engines": (i) 321 Crédito, a franchise specialised in used car loans, (ii) the Universo card, a point-of-sale platform, in partnership with the largest national retailer and (iii) Banco CTT's own network, deepening the relationship with the customer base, here in partnership with Cetelem.

In the **payments business**, the year was marked by the go-live of a new unified platform for the central processing of financial payment transactions. Payshop is now prepared for the "digital age", completing its core business model, based on physical agents, and becoming an integrated payment provider, with the capacity to process all types of payments and an increased focus on e-commerce platforms.

### Future focused on scale in high-return segments

In the coming years, Banco CTT's focus will continue to be on profitable growth.

To this end, we focus our strategy on the profitability of banking relationships, which are still recent, and on the accelerated growth of consumer credit.

In the franchise core, we will deepen relationships, increasing the level of customer engagement with the Bank, through a competitive offer and an increasingly complete and distinctive digital platform, with capacity for service, but also for marketing credit and savings products, in a simple and convenient way.

In this area, special emphasis is placed on PPR savings and capitalisation insurance, where Banco CTT will continue to enhance the value of its brand, as well as the tradition of the CTT Group.

In addition, the commitment to consumer credit will not lose momentum. In the coming years, Banco CTT will be one of the main players in the consumer finance market, gaining scale and specialisation in a high-return segment, in full cooperation with its strategic partners and always adopting the best risk assessment practices, underpinned by a "responsible credit" paradigm.

For the coming years, we also aim to strengthen the "ESG (Environment, Social and Governance) agenda".

This is an early concern of Banco CTT, created from scratch with a governance model that promotes checks and balances and transparency.

In addition to this model, in recent years we have instilled in the organisation a culture focused on sustainability, visible in the design of the offer, with emphasis on the "Banco CTT Sustainable Investment" product. In the future we will do more, namely by incorporating "ESG criteria" in the selection of partners and suppliers and by reinforcing the training of our employees in sustainability practices.

I conclude by once again thanking our employees for their diligence and dedication, which are even more relevant given this very peculiar period of our lives.

I also extend my gratitude to our shareholder CTT, the Bank's governing bodies and all our business partners.

I would also like to express a word of appreciation to the Supervisory Authorities, in particular Banco de Portugal.

The year 2021 was only the fifth full year of our institution's life.

During this period, we created a brand that is already indisputable in Portugal, with more than 600,000 customers and more than 2,700 million euros in assets.

The next 5 years will witness a Bank CTT increasingly present in the Portuguese economy and society.

**Luís Pereira Coutinho**

Chairman of the Executive Committee

14 March 2022