

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