



CTT – Correios de Portugal, S.A.
Av. dos Combatentes, 43 – 14th Floor
1643-001 LISBOA
Lisbon commercial registry and
fiscal no. 500 077 568
Share Capital EUR 71,957,500.00

Announcement – Lisbon, 28 September 2023

Material information

CTT – Correios de Portugal, S.A. (“CTT” or “Company”) hereby updates the strategy of Banco CTT (“BCTT” or “Bank”) disclosed in the CTT Capital Markets Day (CMD) held on 23 June 2022.

The backdrop against which Banco CTT operates is characterised by (1) having reached 625 thousand accounts since launch of operations (equivalent to 700 thousand clients); (2) a changing macro environment towards positive and higher interest rates, and (3) the partnership signed with Tranquilidade / Generali that is focused on upselling of bancassurance services.

In this context, Banco CTT remains focused on client growth and will double-down efforts on engagement with its clients with the objectives of:

- (1) Monetizing customer base, through increasing engagement and deepening banking relationships;
- (2) Excel in savings, by leveraging on CTT’s legacy as a savings powerhouse and on the partnership with Tranquilidade / Generali, and
- (3) Grow selective on credit, by focusing on “on-franchise” consumer finance, including the auto loans, and mortgage loans.

The rollout of this strategy will be anchored on the Bank’s (i) digital platform, where the focus will be on transforming digital channels with increased sales features and migration into cloud-based model, and (ii) human platform, by increasing the level of specialisation and more dedicated staff and improved branch design, but always focusing on keeping a synergic approach with CTT’s retail network.

Taking into consideration the above, the ambitions of Banco CTT for 2025 are as follows:

- (1) Accelerated growth in business volumes (total volume, equivalent to credit plus resources), up from 9% to 15% expected CAGR 2022-25 thus leading to an ambition of €7b in total volume, with a bias towards savings (on/off balance), given monetary context and franchise opportunity;
Growth in business volumes will be underpinned by (i) client growth, with BCTT aiming at reaching 700-750 thousand current accounts by 2025, and by (ii) increasing engagement and deepening banking relationships;
- (2) Reinforcement of capital position, as a result of (i) the envisaged exit of Universo credit cards, releasing +€300m of risk weighted assets (RWA), and (ii) the Tranquilidade / Generali capital increase¹ (+€25m), which will lead to further flexibility in managing future MREL² requirements, as

¹ Subject, amongst other conditions precedent, to regulatory non-opposition.

² MREL: Minimum Requirement for Own Funds and Eligible Liabilities set by the Resolution Authority.



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BCTT has been upgraded from a “liquidation strategy” to a “resolution strategy” and thus will be subject to a MREL binding requirement of 23.33% (including CBR³) of RWA as from June 2026, and (3) Delivering on business profitability, with the ambition to reach a PBT⁴ of €25-30m in 2025, already, incorporating relevant investments on key platforms, which is equivalent to a 11-13% 2025 ROTE⁵, above comparable CMD aspiration.

Furthermore, it should be noted that the reinforced capital position, considering the envisaged exit of Universo credit cards and the Tranquilidade / Generali capital increase¹, and the foreseen increased profitability will offer flexibility in managing the MREL base and composition, thus enabling a lower need to rely on capital markets operations (moreover, no additional shareholders' equity is envisaged).

This information to the market and the general public is made under the terms and for the purposes of article 29-Q of the Portuguese Securities Code and other legislation in force in Portugal. It is also available on CTT website at:

https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1.

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³ CBR: Combined Buffer Requirements.

⁴ PBT: Profit before taxes, as reported by Banco CTT on its consolidated accounts using the applicable GAAP for financial institutions. Banco CTT's consolidation perimeter includes primarily Banco CTT and 321 Crédito and excludes Payshop and CTT's payments activities notwithstanding both remaining included by CTT in the “Banco CTT” reporting segment (historically represented c. €5m per year).

⁵ Comparable RoTE calculated excluding specific items assuming a Tangible Equity of 15% of average RWAs, compatible with the June 2022 Capital Markets Day reference of “c. 15%” for capital ratio.